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15 August 2022

Subject: Management Discussion and Analysis of the Company and its subsidiary
for period ended 30 June 2022

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 30 June 2022

As Golden Lime Public Company Limited (“the Company”) and its subsidiaries have submitted the Interim Consolidated Financial Statements the three-months and the six-months period ended 30 June 2022, 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 2022

1. Highlights

- ▶ Health and safety: There were **three lost time injuries** in Q2 2022
- ▶ Sales revenue (consolidated): **382mTHB in Q2 2022** compared with 290mTHB in Q2 2021 an increase of 32%; **773mTHB in H1 2022** compared with 632mTHB in H1 2021 an increase of 22%
- ▶ EBITDA (consolidated): **68mTHB in Q2 2022** compared with 55mTHB in Q2 2021 an increase of 23%, and **144mTHB in H1 2022** compared with 134mTHB in H1 2021 an increase of 7%
- ▶ Net income: **26mTHB in Q2 2022** compared with 8mTHB in Q2 2021 a significant increase, and **58mTHB in H1 2022** compared with 38mTHB in H1 2021 an increase of 55%

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

Economic environment: major macro trends that left a mark on GL's business performance in this quarter 1/ weakening Thai Baht due to interest rate increase cycle well under way in developed economies, (addressing the inflation problem derived from an overstimulated economy in 2020/2021) resulting in interest rate disparity USD vs THB, and consequentially a weak THB, 2/ energy price shocks due to the Ukraine conflict, resulting in ultra-high petcoke, coal, crude and diesel prices, 3/ still elevated demand for container shipments, that keep the maritime freight costs at historic peaks limiting the export competitiveness of low value density products like lime, on certain markets, 4/ inflation globally (8-10% in the US/EU, 7% in TH, 2-3% in CN and JP) out of long term trends, that represented (beside energy) additional cost management challenges, 5/ a still sluggish Thai economic recovery in Q2, that is, while gaining momentum, still a laggard vs global trends, with only +1.1 quarterly and estimated +3% annualized GDP growth this year, due to slow post-Covid reopening and a still underperforming tourism industry, compensated to certain extent by the strong export performance.

Market trends: The lime market segments that performed well were steel, chemical, and export markets in general. The sugar season was also stronger and longer into Q2 than in previous years, due to increased cane volumes (while still far from the 2018 peak year). Construction activity showed also improved performance, that however only impacts the early-phase products (steel, RMX stone) and not yet the mid-phase (AAC) or the finishing-phase (marble) demand, that will follow with a 6–12 months delay.

Combustible costs: The energy markets (oil, coal) worldwide experienced in Q2 2022 the highest price hikes seen in recent history, on top of the already significant increase in 2021 and Q1 2022, this is partly attributable to the market distortion of the Ukraine conflict and related western sanctions on Russian oil, gas, and coal, but partly to the overheated economic activity in parts of the world where the 2020/2021 stimulus was exceptionally strong. This energy price shock (that impacts direct combustible costs, but also raw-material limestone extraction expenses, internal and external logistics expenses, and more) necessitated a steady and significant increase of all burn product prices, that are at this point in average +20-30% above last year same period.



The core BURNT PRODUCT (quicklime and dolomitic lime) sales volume experienced in Q2 2022 a volume increase, due to overall stronger domestic and export market demand. The revenue realization, combined effect of volume and price, increase in +30% range.

The crude AGGREGATE product costs increased significantly, due to the diesel price increase, and the effect of inflation on other costs, while sales showed some improvement of the RMX and flue gas treatment related chemical stone sales, still the performance was below of same quarter last year. Also, TMC still carries elevated stock levels, something that will only normalize after full recovery of the construction activity in Thailand, until that the WC carried in finished crude products will remain high into 2023. The improvement capex to boost the RMX stone purity above standard market levels is expected also bear fruits in Q3 and Q4.

The milled GCC markets performed adequately, demand for both GL and TMC milled limestone products is improving, with new entrants to the market on the demand side further improvement is expected.

The MARBLE activity of TMC is experiencing continued headwinds: demand was still low, and even if construction projects restart in H1 2022, with an improving Thai economy, the effect on ornamental stone will be delayed by 6 to 12 months

Beside the SOLAR (I) plant in operation for 1.5 years now, in May regular operation of the Solar (II) phase also started, with 3rd phase being considered for H2 2022 project start (operations from 2023) As result of the FLEX-FUEL I program, GL was able to use in Q2 multiple solid fuels, overall balancing pricing trends between petroleum-coke, raw-coal, and milled-coal in the mix. Going forward further diversification is planned under the FLEX FUEL II program launched earlier this year.

The ENGINEERING division revenues and margin realization of GLE on external markets (to a Thai domestic and an Indonesian export customer) continued to impact the consolidated result positively.

2.Outlook

The FUEL combustible cost will undoubtedly continue to represent the key challenge in all FY 2022 and 2023. GL will use all possible measures to mitigate this cost increase, including FLEX-FUEL I and the FLEX FUEL II projects diversifying its energy mix, but will inevitably need to continue to pass the any energy cost effect further to customers also in Q3 and beyond.

GL will continue to pursue its NEW PRODUCT DEVELOPMENT initiatives for the steel and construction markets, as well as and DOWNSTREAM projects into sugar, chemical and steel customers in H2 2022 and in 2023, with revenue impact expected next year only.

We expect in H2 and 2023 a gradual improvement in the Thai macro environment, despite global recession fears an improving GDP in Q4 and Q1 next year, on a supposedly rebounding tourism sector (15% of the economy) and domestic demand. With a plateauing steel and chemical demand, a gradually improving construction activity, forecasted strong 2022-2023 sugar season (over 100Mt cane) we expect a generally a strong H2 2022 and Q1 2023, that with a supposedly returning marble demand in H2 2023, makes management look optimistically into the near future of Golden Lime and Thai Marble.



3. Financial highlights (based on Thai FRS)

Q2 2022 Income Statement Summary as of 30 June 2022 compared to Q2 2021:

	Q2 2022	Q2 2021	Q2 2020	YoY change	
				Q22022 vs Q22021	Q22022 vs Q22021
Unit: Million Thai Baht (THB)					
Sales and service income	382.10	289.81	231.92	92.29	32%
Other income	1.52	1.15	177.58	0.37	32%
Total revenues	383.62	290.96	409.50	92.66	32%
Cost of sales and services	287.43	214.77	171.51	72.66	34%
Gross profit	94.67	75.04	60.41	19.63	26%
Gross profit margin	25%	26%	26%		
SG&A	63.19	59.09	49.30	4.10	7%
EBITDA	67.78	55.06	220.72	12.72	23%
EBITDA margin	18%	19%	54%		
Depreciation and amortization	34.78	37.96	32.03	-3.18	-8%
EBIT	33.00	17.10	188.69	15.90	93%
Finance cost	-8.46	-9.92	-8.03	-1.46	-15%
Income tax expenses	1.39	0.68	-3.39	-0.71	104%
Net income for period	25.93	7.86	177.27	18.07	230%
Earnings per share (THB)	0.09	0.03	0.59	0.06	230%

H1 2022 Income Statement Summary as of 30 June 2022 compared to H1 2021:

	FY 2022	FY 2021	FY 2020	YoY change	
				FY2022 vs FY2021	FY2022 vs FY2021
Unit: Million Thai Baht (THB)					
Sales and service income	772.75	632.45	526.19	140.30	22%
Other income	3.63	2.38	178.39	1.25	53%
Total revenues	776.38	634.83	704.58	141.55	22%
Cost of sales and services	573.77	455.19	379.63	118.58	26%
Gross profit	198.98	177.26	146.56	21.72	12%
Gross profit margin	26%	28%	28%		
SG&A	129.10	121.69	107.30	7.41	6%
EBITDA	143.69	134.05	278.21	9.64	7%
EBITDA margin	19%	21%	39%		
Depreciation and amortization	70.18	76.10	60.56	-5.92	-8%
EBIT	73.51	57.95	217.65	15.56	27%
Finance cost	-17.47	-18.85	-13.36	-1.38	-7%
Income tax expenses	2.09	-1.51	-7.74	-3.60	-238%
Net income for period	58.13	37.59	196.55	20.54	55%
Earnings per share (THB)	0.19	0.13	0.66	0.07	55%



3.1. Analysis of 2022 in comparison with 2021 results

Revenue from sales and services in Q2 2022 was higher from the same period last year from the core burnt product (quicklime and dolomitic lime) has higher sales volumes from overall stronger domestic demand especially sugar, steel, chemical, and export market, together with the higher prices.

Cost of sales and services even there was an increasingly trend due to the fuel cost, the company has increased the sales prices in multiple steps to cover the higher energy cost exposure together with using FLEX-FUEL project best diversifying its energy mix. However, Thai Marble cost of sales has significantly increased due to a high waste and high diesel cost. As a results, gross profit margin Q2 2022 was not far from the same period last year.

SG&A in 2022 were higher than the same period last year mainly from selling expense in Golden Lime as the company sales more to the export market, while the administrative expenses were reduced both in Golden Lime and Thai Marble compared to the same period last year.

EBITDA (Earnings before tax, depreciation, and amortization) was higher than the same period last year in both quarter and year to date comparison, mainly from the Golden Lime core business

Depreciation this year has slightly decreased from last year as some of asset has fully depreciated

Finance cost in 2022 reduced from the same period last year due to the continually repayment of principal

Income tax expense in 2022 has decreased compared to the same period last year as there was Board on Investment (BOI) tax benefit from Solar farm project

All in all, from above mentioned resulting in the **Net income** in 2022 has significantly increased compared to the same period last year.

3.2. Assets, Liabilities & Shareholders' Equity

Current assets: mainly increased from the fuel purchasing this year, the working capital from operation and the cash and cash equivalents of the company

Non-current assets: decreased from the depreciation of fixed asset and amortization of intangible asset

Current liabilities: the short-term loan has increased while the current portion of long-term loan reduced



Non-current liabilities: decreased from the repayment of long-term loan

Shareholder equity: increased from net results.

Financial Position Summary as of 30 June 2022 compared to 31 December 2021:

Unit: Million Thai Baht (THB)	30th Jun 2022	31st Dec 2021	31st Dec 2020	YoY change 2022 vs 2021	YoY % change 2022 vs 2021
Total current assets	834.27	775.07	728.35	59.20	8%
Total non-current assets	1,424.31	1,457.82	1,487.94	-33.51	-2%
Total assets	2,258.58	2,232.89	2,216.29	25.69	1%
Total current liabilities	1,204.37	1,183.60	795.55	20.77	2%
Total non-current liabilities	370.29	423.50	810.29	-53.21	-13%
Total liabilities	1,574.66	1,607.10	1,605.84	-32.44	-2%
Total shareholders equity	683.92	625.79	610.45	58.13	9%
Total liabilities plus shareholders equity	2,258.58	2,232.89	2,216.29	25.69	1%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q2 2022 increased from the start of the period to 69mTHB mainly came from the **net cash flows from operating activities** that increase from company performance

Net cash flows used in investing activities in Q2 2022 has decreased compared to last year as there were the reserve of principal and interest payments under the condition according to the loan agreement in last year.

Net cash flows from financing activities in Q2 2022 has increased compared to last year as the company has repaid the regular loan repayment for both Saraburi Quicklime acquisition and TMC acquisition together with finance cost have been repaid on schedule. In addition, the company short-term loans has been drawdown less than last year.

Cashflow Summary as of 30 June 2022 compared to 31 December 2021:

Unit: Million Thai Baht (THB)	FY 2022 YTD	FY 2021 YTD	FY 2020 YTD	YoY change 2022 vs 2021	YoY % change 2022 vs 2021
Cash and cash equivalents at beginning of period	40.10	133.48	83.39	-93.38	-70%
Net cash flows from operating activities	137.20	26.47	96.36	110.73	418%
Net cash flows from (used in) investing activities	-37.11	-71.67	-551.62	-34.56	-48%
Net cash flows from (used in) financing activities	-71.48	-39.66	555.52	-31.82	80%
Net increase (decrease) in cash and cash equivalents	28.61	-84.87	100.26	113.48	-134%
Cash and cash equivalents at end of period	68.71	48.61	183.65	20.10	41%



4. Financial Ratios

	Q2 2022	Q2 2021	Q2 2020	FY 2022	FY 2021	FY 2020
Return on Equity (ROE)	15.84%	5.16%	0.01%	17.75%	12.33%	6.51%
Return on Assets (ROA)	4.62%	1.41%	0.00%	5.18%	3.38%	2.59%
Return on Fixed Assets (ROFA)	19.52%	14.36%	16.31%	20.63%	17.82%	21.00%
Debt/Equity Ratio	2.30	2.66	1.59	2.30	2.66	1.59
Net Debt/Equity Ratio	1.63	1.99	1.27	1.63	1.99	1.27
Leverage (Net Debt/EBITDA)	4.57	5.03	3.34	4.57	5.03	3.34
Collection period (Days)	45.95	46.98	59.69	45.44	43.06	52.62

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 2022 and Q4 2021) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

