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

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 30 September 2022

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

1. Highlights

- ▶ Health and safety: There was **no lost time injury** in Q3 2022
- ▶ Sales revenue (consolidated): **363mTHB in Q3 2022** compared with 276mTHB in Q3 2021 an increase of 31%; **1135mTHB in nine-month 2022** compared with 908mTHB in nine-month 2021 an increase of 25%
- ▶ EBITDA (consolidated): **40mTHB in Q3 2022** compared with 59mTHB in Q3 2021 (normalized excluding asset sales 43m); **184mTHB in nine-month 2022** compared with 193mTHB (normalized excluding asset sales 185mTHB) in nine-month 2021 a decrease of 4.7% (normalized decrease of 0.5%)
- ▶ Net income: **30mTHB in Q3 2022** compared with 14mTHB in Q3 2021 an increase of 118%, and **88mTHB in nine-month 2022** compared with 51mTHB in nine-month 2021 an increase of 72%

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

The GLOBAL economic trends (elevated energy prices, stubbornly high inflation in the US and EU, strengthening USD due to continuous rate increased by the Fed, slowing global demand and thus falling container freight rates) impacted GL's business in a mixed manner: while the continuous increase in combustible prices, and inflationary cost pressure necessitated further steep price increases, the export competitiveness improved resulting a seasonally higher capacity utilization than in previous off-season months in Q3.

The THAI economy, in a somewhat counter-cyclical nature, improved significantly in Q3 vs same quarter last year, tourism is rebounding, construction activity is on the rise, exports are more competitive due to a relatively weak THB. Consequentially the chemical, construction, and export-facing segments of the lime and marble market improved significantly, while other segments more linked to global cyclical trends like steel, weakened

MARKET trends: The domestic lime market segments linked to exports (notably chemical industry), as well as direct exports, performed well in Q3. Domestic construction linked markets (AAC, ready-mix aggregates, marble) also improved vs same period last year. The steel segment performance, where performance is the subject of complex inputs including global trends in supply-demand, was on the decline. The next 2022-2023 sugar season is expected to be stronger and longer than in the previous year 2021-2022 season (while still far from the 2018 peak year) with periods of capacity-shortage in Q1 2023 not to be excluded.

FUEL costs: The energy markets (especially natural gas & coal) worldwide experienced in Q3 2022 the continuation of elevated price levels reached in Q2, attributable to inflationary demand pressure, and supply side market disruptions due to the Ukraine conflict and related western sanctions on Russian oil, gas and coal. 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, in each and every quarter in the last 18 months, that are at this point in average +30-40 % above last year same period.



The core BURNT PRODUCT (quicklime and dolomitic lime) sales experienced in Q3 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 price evolution in Q3 has however been fallen behind the cost evolution, resulting in a temporary Gross Margin dip in August-September, that is unsustainable, and is being corrected at the end of the quarter, a trend that will continue into Q4 and beyond.

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 ready-mix (RMX) and flue gas treatment related chemical stone sales, still the performance was below of same quarter last year. Thai Marble Corporation (TMC) still carries elevated working capital in finished crude products that will remain high into 2023 when a gradual decrease is expected. The RMX washing capex that resulted a superior product ahead of competition in all quality indicators, saw high uptake and will continue to contribute to TMC's performance.

The MARBLE activity of TMC, depressed during the Covid period, started to experience the positive construction demand trends, demand was in Q3 still low, but as construction projects restarted in H1 2022, with an improving Thai economy, the effect on ornamental stone will be felt already in Q4 and more in 2023.

Besides the SOLAR (I) plant in operation for 1.5 years now, and the Solar (II) started in May, GL considers a phase III project that will boost the output to 3.5MW covering 25% of GL's electricity needs.

As result of the FLEX-FUEL I program, GL was able to use in Q3 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.

2. Outlook

The FUEL combustible cost will undoubtedly continue to represent the major challenge in Q4 and FY 2023. GL will use all possible measures to mitigate this cost increase, and diversify its energy mix, but will inevitably need to continue to pass the any energy cost effect further to customers also in Q4 and beyond in FY 2023.

GL will continue to pursue its innovative NEW PRODUCT DEVELOPMENT initiatives for the steel and construction markets, as well as and DOWNSTREAM projects into sugar, chemical and steel customers in Q4 2022 and 2023, with revenue impact expected next year only.

We expect in 2023, even if the global economic environment deteriorates, a gradual improvement in the Thai macro environment, in Q4 and next year, that combined with a strong sugar season, will result robust demand for burnt products, that with a returning marble demand in 2023, will secure the continuous success of Golden Lime and Thai Marble.



3. Financial highlights (based on Thai FRS)

Q3 2022 Income Statement Summary as of 30 September 2022 compared to Q3 2021:

	Q3 2022	Q3 2021	Q3 2020	YoY change	
				Q32022 vs Q32021	Q32022 vs Q32021
Unit: Million Thai Baht (THB)					
Sales and service income	362.67	275.94	266.85	86.73	31%
Other income	2.28	21.07	1.13	-18.79	-89%
Total revenues	364.95	297.01	267.98	67.94	23%
Cost of sales and services	286.69	215.89	205.64	70.80	33%
Gross profit	75.98	60.05	61.21	15.93	27%
Gross profit margin	21%	22%	23%		
SG&A	72.15	56.87	56.15	15.28	27%
EBITDA	39.88	59.19	46.28	-19.31	-33%
EBITDA margin	11%	20%	17%		
Depreciation and amortization	33.77	34.94	40.09	-1.17	-3%
EBIT	6.11	24.25	6.19	-18.14	-75%
Finance cost	-8.92	-9.24	-8.80	-0.32	-3%
Income tax expenses	33.14	-1.12	0.21	-34.26	-3059%
Net income for period	30.33	13.89	-2.40	16.44	118%
Earnings per share (THB)	0.10	0.05	-0.01	0.05	118%

Nine-month 2022 Income Statement Summary as of 30 September 2022 compared to nine-month 2021:

	FY 2022	FY 2021	FY 2020	YoY change	
				FY2022 vs FY2021	FY2022 vs FY2021
Unit: Million Thai Baht (THB)					
Sales and service income	1135.43	908.39	793.04	227.04	25%
Other income	5.90	23.45	179.52	-17.55	-75%
Total revenues	1141.33	931.84	972.56	209.49	22%
Cost of sales and services	860.47	671.08	585.27	189.39	28%
Gross profit	274.96	237.31	207.77	37.65	16%
Gross profit margin	24%	26%	26%		
SG&A	201.26	178.56	163.45	22.70	13%
EBITDA	183.56	193.25	324.49	-9.69	-5.0%
EBITDA margin	16%	21%	33%		
Depreciation and amortization	103.95	111.04	100.65	-7.09	-6%
EBIT	79.61	82.21	223.84	-2.60	-3%
Finance cost	-26.39	-28.09	-22.16	-1.70	-6%
Income tax expenses	35.24	-2.63	-7.53	-37.87	-1440%
Net income for period	88.45	51.49	194.16	36.96	72%
Earnings per share (THB)	0.29	0.17	0.65	0.12	72%



3.1. Analysis of 2022 in comparison with 2021 results

Revenue from sales and services in Q3 2022 was higher from the same period last year 31% from the core burnt product (quicklime and dolomitic lime) has higher sales volumes from overall stronger domestic demand especially sugar, steel, chemical, also export market, together with the higher prices.

Other income in Q3 2022 lower than last year as there was one-time transaction from asset sales in Q3 2021

Cost of sales and services has significantly increased due to fuel cost, diesel cost, and electricity cost especially in Q3, the company has increased the sales prices in multiple steps to cover the higher energy cost exposure together with the use of FLEX-FUEL project which best diversifying our energy mix. As a result, gross profit margin Q3 2022 was not far from Q3 2021 but only lower by 1%

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 closed to the same period last year for both in Golden Lime and Thai Marble

EBITDA (Earnings before tax, depreciation, and amortization) was lower than the same period last year in both quarter and year to date comparison, mainly from the one-time other income from asset sales in last year. If we exclude the asset sales from Q3 2021 EBITDA will be 43mTHB which close to Q3 2022 EBITDA of 40mTHB

Depreciation this year has slightly decreased from last year as some of assets have 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 together with the booking of deferred tax from temporary differences which mainly arose from Saraburi Quicklime (SQL) our subsidiary was completed the liquidation process

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 September 2022 compared to 31 December 2021:

Unit: Million Thai Baht (THB)	30th Sep 2022	31st Dec 2021	31st Dec 2020	YoY change 2022 vs 2021	YoY % change 2022 vs 2021
Total current assets	802.76	775.07	728.35	27.69	4%
Total non-current assets	1,437.09	1,457.82	1,487.94	-20.73	-1%
Total assets	2,239.85	2,232.89	2,216.29	6.96	0%
Total current liabilities	1,155.94	1,183.60	795.55	-27.66	-2%
Total non-current liabilities	369.67	423.50	810.29	-53.83	-13%
Total liabilities	1,525.61	1,607.10	1,605.84	-81.49	-5%
Total shareholders equity	714.24	625.79	610.45	88.45	14%
Total liabilities plus shareholders equity	2,239.85	2,232.89	2,216.29	6.96	0%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q3 2022 increased by 7mTHB from the start of the period to 47mTHB mainly came from the **net cash flows from operating activities** that increase from company performance

Net cash flows used in investing activities at the end of Q3 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 at the end of Q3 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 September 2022 compared to 31 December 2021:

Unit: Million Thai Baht (THB)	FY 2022 YTD	FY 2021 YTD	FY 2020 YTD	YoY change FY 2021 vs FY 2020	YoY % change FY 2021 vs FY 2020
Cash and cash equivalents at beginning of period	40.10	133.48	83.39	-93.38	-70%
Net cash flows from operating activities	152.57	74.98	96.36	77.59	103%
Net cash flows from (used in) investing activities	-53.76	-86.91	-551.62	-33.15	-38%
Net cash flows from (used in) financing activities	-91.95	-81.27	555.52	-10.68	13%
Net increase (decrease) in cash and cash equivalents	6.86	-93.20	100.25	100.06	-107%
Cash and cash equivalents at end of period	46.96	40.28	183.64	6.68	17%

4. Financial Ratios

	Q3 2022	Q3 2021	Q3 2020	FY 2022	FY 2021	FY 2020
Return on Equity (ROE)	18.10%	9.01%	-1.66%	17.60%	11.13%	45.07%
Return on Assets (ROA)	5.42%	2.52%	-0.53%	5.27%	3.11%	14.38%
Return on Fixed Assets (ROFA)	20.71%	15.34%	14.88%	20.73%	17.02%	39.30%
Debt/Equity Ratio	2.14	2.53	2.41	2.14	2.53	2.41
Net Debt/Equity Ratio	1.58	1.91	1.62	1.58	1.91	1.62
Leverage (Net Debt/EBITDA)	5.02	4.68	3.03	5.02	4.68	3.03
Collection period (Days)	46.43	46.74	55.51	44.49	42.59	56.04

- Note:**
- 1) Net Debt = Interest bearing liabilities – cash and cash equivalents
 - 2) Leverage Q3 and FY use annualized EBITDA for the previous 4 quarters
 - 3) ROFA = (Net profit + Depreciation) Average (Q3 2022 and Q4 2021) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

