



CHEMEMAN PUBLIC COMPANY LIMITED

Management Discussion and Analysis

For three-month period ended 31 March 2023

Chememan Public Company Limited (“CMAN”) delivered a strong first quarter performance with THB 233 million in adjusted EBITDA and THB 92 million in net profits due to its highly diversified customer portfolio in the growing Asia-Pacific region, high capacity utilization, timely product deliveries, and continuous improvement of operating efficiencies. International business units performed better, so CMAN expects more diversified profit sources in the coming quarters.

Sustainability development initiatives are ongoing. CMAN has been analyzing CO₂ emissions at the Kangkoi and Prabuddhabaht plants and will use this information to develop its CO₂ reduction roadmap. During the first quarter, the 5 MW solar farm project was completed at Kangkoi and has already delivered significant cost savings. During the last few months, CMAN tested electric trucks and wheel loaders in its daily operations, and based on the positive feedback, plans to increase investments in these electric vehicles in the near future. These environmental friendly projects also reduce ongoing operating costs.

First Quarter 2023 Performance

<i>Unit: Million Baht, Except per share amounts</i>	1Q23	4Q22	1Q22	%QoQ	%YoY
Revenues	1,063	866	983	+22.7%	+8.2%
Net income (loss) attributable to CMAN	92	0.2	83	N/A	+10.7%
Earnings (loss) per share attributable to CMAN	0.10	0.00	0.09	N/A	+10.7%
Adjusted net income (loss) attributable to CMAN (*)	72	(128)	19	+155.9%	+271.4%
Adjusted earnings (loss) per share (*)	0.07	(0.13)	0.02	+155.9%	+271.4%
Adjusted EBITDA excluding special items (*)	233	34	163	+584.6%	+42.6%

(*) Excludes all significant non-cash items, such as unrealized foreign exchange gains/losses from translation adjustments and mark-to-market gains/losses from forward contracts



- **Domestic Revenues:** Domestic revenues equaled THB 438 million, up 34% and 31% compared to the previous quarter and the first quarter of last year, respectively, Domestic performance was driven by strong demand in several industries, particularly sugar (during its operating peak season) and building and construction.
- **International Revenues:** International revenues equaled THB 558 million, up 20% and down 8% compared to the previous quarter and the first quarter of last year, respectively. International performance was driven by good demand from certain industries, particularly mining and chemicals. As evidence of the global economic slowdown, CMAN experienced lower sales compared to the first quarter of last year in a few industries, particularly iron and steel and pulp and paper.
- **Service Revenues:** Service revenues equaled THB 68 million, down 7% from the previous quarter, but up 59% from the same quarter of last year. Service revenues are directly correlated to throughput volumes at Hope Valley Distribution Center.
- **Cost of Goods Sold and Service:** As global energy prices became more stable and operating efficiencies improved, cost of goods sold equaled THB 668 million, up 4% and 17% compared to the last quarter and the first quarter of last year, respectively. Cost of services equaled THB 58 million, up 7% but down 47% compared to the last quarter and the first quarter of last year, respectively. As a result, gross margins improved to 32%, compared to 19% in the last quarter and 31% in the first quarter of last year.
- **Adjusted EBITDA:** Adjusted EBITDA equaled THB 233 million, up 585% and 43% compared to the previous quarter and the same quarter of last year, respectively. The increase was due primarily to higher sales, lower selling expenses (primarily freight rates) and well-controlled administrative expenses.
- **Finance Costs:** Finance costs equaled THB 53 million, up 9% and 76% compared to the previous quarter and the first quarter of last year, respectively. Even though total interest-bearing debt decreased, finance costs rose due to higher US Dollar and Thai Baht interest rates.
- **Net Profits Attributable to CMAN:** Consolidated net profits attributable to shareholders of CMAN were THB 92 million, or THB 0.10 per share.
- **Cash:** CMAN ended the quarter with a balance of THB 101 million cash on hand. Cash flow from operations was THB 201 million. Cash flow for investing activities was THB (72) million, primarily due to a capital increase in a joint venture in India and general capital investments. Cash flow from financing activities was THB (180) million, as CMAN repaid THB 142 million of long-term loans and leases.
- **Assets:** Total assets as of 31 March 2023 were THB 6,676 million, a slight decrease from the end of 2022, due to lower cash, inventories, and depreciation.
- **Liabilities:** Total liabilities decreased to THB 4,243 million, down 4% from the end of 2022, primarily due to long-term loan repayments.



Financial Ratios

	1Q23	4Q22	1Q22
Gross Profit Margin	31.69%	19.43%	30.67%
Net Profit Margin	8.53%	0.02%	7.79%
Return on Equity	16.06%	1.01%	15.50%
Debt to Equity	1.80X	1.94X	2.07X
Interest Bearing Debt to Equity	1.53X	1.66X	1.73X

2023 Outlook

Our 2023 outlook remains unchanged. Evidence of the global economic slowdown and higher than average inflation remains for the foreseeable future, which will affect lime demand this year.

While CMAN projects that lime sales will remain at a high level across our strong customer portfolio, the downside risks of today's business environment remain high and may impact short-term business performance and financial results. So, we continue to laser focused to improve business fundamentals and optimize total cost of ownership at all locations.

At the same time, we aim to grow and study product and capacity expansion opportunities in our targeted countries. These initiatives will enable the Company to increase our business footprint and improve our long-term competitive advantages in the fast-growing Asia Pacific region.

Chememan is also working on various strategic initiatives to improve our financial position. We closely monitor cash flows to ensure that we can operate effectively during this economic slowdown.

In the long-term, Chememan is committed to build platforms to ensure business sustainability, including economy, environment, social and governance aspects. We will seek further opportunities to add more solar farm capacity and electronic vehicles including both wheel loaders and trucks to not only reduce operating costs but also create a positive impact to the environment.



About Chememan Public Company Limited

Chememan Public Company Limited (SET: CMAN) is one of the world's ten largest lime companies with more than 1 million tons of annual production capacity. With high chemical-grade limestone quarries in Thailand and Vietnam and modern production facilities in Thailand, Vietnam, and India, Chememan can focus on high value-added end users, particularly in the mining sector (aluminum, gold, copper, nickel, lithium), pulp and paper, sugar, and bioplastics. Chememan exports around 60% of its capacity across 30 countries in Asia, Australia, and Africa. With experienced and dedicated professionals, Chememan plans to expand further in the coming years with a goal to become the leading lime company in the Asia-Pacific region.