



CHEMEMAN PUBLIC COMPANY LIMITED

Management Discussion and Analysis

For three-month period ended 31 March 2024

Business Overview



Chememan Public Company Limited (SET: CMAN) is currently one of the world's top ten lime producers, with more than 1.2 million tons of annual production capacity. Lime is one of the world's most vital and versatile chemicals and is widely used in various industries and applications. With high chemical-grade limestone quarries in Thailand and Vietnam, modern lime production facilities in Thailand, Vietnam, and India, and a state-of-the-art distribution center in Australia, CMAN has successfully developed a highly diversified customer portfolio that focuses on high-value-added end users in its targeted industries, especially mining (alumina, gold, copper, nickel, lithium, rare earth), iron & steel, construction (lightweight concrete blocks), pulp & paper, precipitated calcium carbonate (PCC), chemicals & derivative chemicals, sugar, bioplastics, glass & bottles, feedmills, flue gas treatment, and waste & wastewater treatment. Exports accounted for 66% of its sales revenues that span across 30 countries in Asia, Australia, and Africa. With an extensive business network leading to various growth opportunities, CMAN aims to strengthen its position as the leading lime company in the growing Asia-Pacific region and become one of the world's top five lime producers.





Discussion and Analysis

Chememan Public Company Limited (“CMAN”) delivered a strong performance in the first quarter, reporting THB 1,044 million in revenues, THB 400 million in gross profits and THB 173 million in net profits attributable to its shareholders. This performance was the result of several factors, including the strong USD/THB exchange rate on exports, delayed shipments from the previous quarter and sugar peak season in this first quarter, well-controlled energy and production costs, and lower financing and tax costs.

CMAN continues to focus on risk management and financial performance in 2024 through a growing and well-diversified customer portfolio, leveraging business partnerships, continuous capacity management and improvement of operating efficiencies, high product and service quality standards, and timely deliveries. Furthermore, initiatives have been executed to ensure long-term sustainability objectives.

First Quarter 2024 Performance

<i>Unit: Million Baht, Except per share amounts</i>	1Q24	4Q23	1Q23	%QoQ	%YoY
Revenues	1,044	817	1,063	+27.8%	-1.8%
Net income (loss) attributable to CMAN	173	-29	92	+691.9%	+87.0%
Earnings (loss) per share attributable to CMAN	0.18	(0.03)	0.10	+691.9%	+87.0%
Adjusted net income (loss) attributable to CMAN (*)	147	-20	72	+823.5%	+105.4%
Adjusted earnings (loss) per share (*)	0.15	(0.02)	0.07	+823.5%	+105.4%
Adjusted EBITDA excluding special items (*)	307	127	233	+142.0%	+32.0%

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

- **Domestic Revenues:** Domestic revenues equaled THB 337 million, down 23.2% compared to the first quarter of last year, primarily driven by lower demand from sugar producers, as sugarcane output declined due to adverse weather conditions in 2023.
- **International Revenues:** International revenues equaled THB 640 million, up 14.8% compared to the same quarter of last year. The increase in international revenues was driven by higher lime demand from our customer portfolio, particularly in the mining, and pulp and paper industries. A significant delivery was also postponed from the fourth quarter of 2023 to the first quarter of 2024.
- **Service Revenues:** Service revenues equaled THB 68 million, up 0.6% compared to the same quarter of last year, respectively. Service revenues are directly correlated to throughput volumes at Hope Valley Distribution Center, which services a global mining company based in Western Australia.



- **Cost of Goods Sold and Service:** Due to well-controlled energy and operating costs, the cost of goods sold and service equaled THB 644 million, down 11.6% compared to the same quarter of last year. Energy costs, particularly coal and electricity, decreased significantly from the first quarter of last year. As a result, overall gross margins increased to 38.4% in this quarter, compared to 31.6% in the same quarter of last year.
- **Adjusted EBITDA:** Adjusted EBITDA equaled THB 307 million, up 32.0% from the first quarter of previous year, equivalent to a 29.4% adjusted EBITDA margin. All significant non-cash items, such as realized and unrealized FX gains/losses, were deducted from this calculation.
- **Finance Costs:** Finance costs were THB 46 million, down 14.1% from the first quarter of last year, respectively. The decrease was due to lower overall debt and a USD long-term loan conversion into Thai Baht at lower interest rates.
- **Adjusted Net Profits Attributable to CMAN:** For the first quarter of 2024, consolidated net profits attributable to shareholders of CMAN was THB 173 million. Without the above-mentioned adjustments, consolidated net profits would have been THB 147 million, equal to an adjusted net profit margin of 14.1%.
- **Cash:** CMAN ended the quarter with a balance of THB 156 million cash on hand. In 1Q2024, cash flow from operations was THB 259 million. Cash flow for investing activities was THB (52) million, mainly due to new solar power projects, major maintenance costs, and improvements at Hope Valley Distribution Center. Cash flow from financing activities was THB (183) million, as CMAN repaid THB 159 million of long-term loans and leases in the first quarter.
- **Assets:** Total assets as of 31 March 2024 were THB 6,515 million, a 1.9% increase from the end of 2023, due to higher outstanding account receivables and net fixed assets after depreciation.
- **Liabilities:** Total liabilities decreased to THB 3,871 million, down 2.6% from the end of 2023, primarily due to long-term loan repayments.



Financial Ratios

	1Q24	4Q23	1Q23
Gross Profit Margin	38.4%	29.6%	31.6%
Net Profit Margin	15.8%	(3.5%)	8.5%
Return on Equity	27.9%	(5.0%)	16.1%
Total Liabilities to Equity	1.5x	1.7x	1.8x
Interest Bearing Debt to Equity	1.3x	1.4x	1.5x

2024 Outlook

While the global economy shows growing signs of recovery, the current business outlook remains cautious due to several factors, including the ongoing geopolitical conflicts between Russia and Ukraine and Israel and Hamas. Most commodity prices have stabilized in 2024, but interest rates in many countries remain high, and the timing of future reductions remains uncertain.

Under these conditions, CMAN continues to prioritize risk management and operating performance through longer-term partnerships with our customers and business partners, lower financial leverage, and optimization of production processes and costs.

CMAN's overall business performance in 2024 is expected to improve, as its key target markets are growing, and the Thai Baht remains relatively weak. All business units in Thailand, Vietnam, Australia, and India are expected to be profitable in 2024. Debt leverage continues to decrease, as loan and lease repayments of more than THB 580 million are scheduled this year.

In Thailand, lime demand is growing in building and construction materials and bioplastic sectors. Lime demand in Australia, India, and Indonesia is growing faster than their GDP due to significant project investments. For example, new mining projects in Indonesia and Western Australia (i.e., gold, nickel, lithium, and rare earth) will start operations over the next 1-2 years.

India continues to make significant infrastructure and industrial investments. In early 2024, CMAN finalized a highly significant strategic partnership in India with Khimsar Mine Corporation. Design of the first modern lime manufacturing facility in Rajasthan, India has been completed, and construction will begin in the third quarter of 2024.

As CMAN continues a multi-year transition to its next generation of talent, its business strategies will be dynamic and adjust to rapid changes in its business environment. Management believes that its business strategies will positively support long-term sustainability.