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NO. (SUTHA-SET) 016/2019/EN

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Subject : Clarification of Q2/2019 the total revenues and the Net profit change more than 20%

To : The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis for the period ended 30 June 2019

Golden Lime Public Company Limited (the “ Company”) would like to report operating performance for 3-month and 6-month period ended 30 June 2019 compared to the same period last year.

In the consolidated financial statements for 3-month period ended 30 June 2019, the total revenue of Golden Lime and its subsidiaries was THB 231.27 million, a decrease of THB -63.49 million (-22%). The net profit was THB 0.1 million, a decrease of THB -28.09 million or -100% , compared to Q2/2018.

In the consolidated financial statements for 6-month period ended 30 June 2019, the total revenue of Golden Lime and its subsidiaries was THB 528.03 million, a decrease of THB -20.26 million (-4%). The net profit was THB 18.31 million, a decrease of THB -30.81 million or -63% , compared to H1/2018.

We have pleasure in enclosing the operation result report for more details information.

Yours faithfully,

Mr. Geza Emil Perlaki
Managing Director





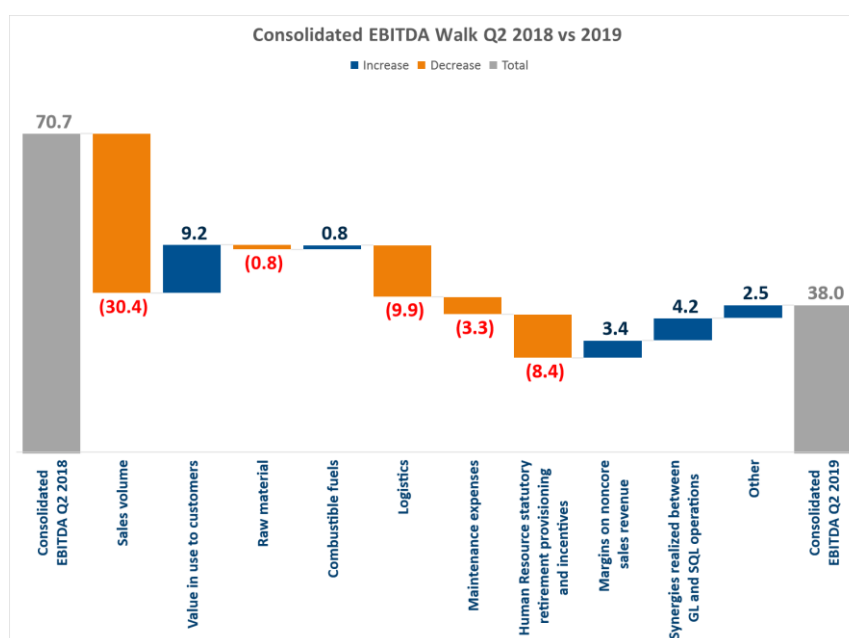
Golden Lime Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For period ended 30 June 2019

1. Highlights

- ▶ Health and safety: There were **3 lost time injuries** in H1 2019
- ▶ Revenue: **528mTHB** in H1 2019 compared to 548mTHB in H1 2018 a decrease of 4%
- ▶ EBITDA: **98mTHB** in H1 2019 compared to 124mTHB in H1 2018 a decrease of 21%
- ▶ Net income: **18mTHB** in H1 2019 compared to 49mTHB in Q1 2018
- ▶ Burnt lime sales: **183k Mt** in H1 2019 compared to 203k Mt H1 2018



Commenting Mr Geza Perlaki, Golden Lime Managing Director said:

“We have improved our safety record in Q2 of 2019 after three lost time injuries in Q1 which results from a relentless focus from every employee. We will maintain this focus for the future. Business wise H1 2019 was challenging particularly in the most recent quarter. Business sentiment in multiple industrial segments important to us has been impacted by the macro economy and the competitive landscape remains challenging. We saw particular weakness in the steel sector as uncertainty led to reduced production and after a record sugar season in 2018 this sector has been behind our expectations. On the cost side a major external factor was the change in Thai legislative environment, which made it necessary to build major additional retirement provision in Q2. On top of the external factors, we also faced the need to do earlier than expected preventive maintenance, which reduced our utilization rate and added to the fix costs. SG&A was slightly higher as there were some one shot impacts relating to employee incentives. On the upside, the maintenance, which would have occurred later in the year, is now complete so we do not expect major maintenance activity in H2 and have the ability to run full matching our expectations of a stronger market. Also on the upside, our capex





discipline was exemplary in this quarter again, realizing significant savings. On top of this new product development has been a success and this will impact positively in H2 as the sales and marketing team are working closely with our customers to demonstrate the added value.”

2.Outlook

A more challenging external environment, owing to continued trade tensions, impacted negatively on the economy in the second quarter. Exports, a key driver of the manufacturing sector, contracted at an accelerated pace compared to the first quarter. Additionally, manufacturing output also continued to falter in the same period. More positively, private consumption remained robust through amid still-weak inflation. On 10th July, a new cabinet was formed that should largely see policy continuation; however, given the coalition’s slim majority and sheer number of parties, governing could prove difficult. A large stimulus package is expected and large-scale projects are likely to go ahead. This should help boost the economy going forward.

As in Q1 the main lime consuming sectors of the industry were not immune to the disruption: the sugar cane harvest was down and uncertainty in the steel industry has caused volumes to drop year on year at key customers. These issues are resolved and with expected fixed asset investment due to the expected government stimulus and a new product, targeting steel customers, now ready this part of the order book will pick up. Certain other key segments like chemical and construction also show positive tendencies. The continued strength of the Thai baht is making exports more challenging competitively and we are seeing some volumes repatriated on the Thai market increasing domestic competition.



3. Financial highlights (based on Thai FRS)

Q2 2019 Financial Position Summary as of 30 June 2019 compared to Q2 2018:

	Q2 2019	Q2 2018	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	229.27	292.69	-63.42	-22%
Other income	2.00	2.08	-0.08	-4%
Total revenues	231.27	294.76	-63.49	-22%
Cost of sales and services	168.62	207.08	-38.47	-19%
Gross profit	60.65	85.60	-24.95	-29%
Gross profit margin	26%	29%		
SG&A	54.97	48.91	6.06	12%
EBITDA	37.96	70.70	-32.74	-46%
EBITDA margin	16%	24%		
Depreciation and amortization	30.28	31.94	-1.65	-5%
EBIT	7.68	38.77	-31.09	-80%
Finance cost	-6.96	-5.22	1.74	33%
Income tax expenses	-0.72	-5.45	-4.73	-87%
Net income for period	0.01	28.10	-28.09	-100%
Earnings per share (THB)	0.00	0.09	-0.09	-100%

H1 2019 Financial Position Summary as of 30 June 2019 compared to H1 2018:

	H1 2019	H1 2018	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	525.33	544.85	-19.52	-4%
Other income	2.70	3.44	-0.74	-21%
Total revenues	528.03	548.29	-20.26	-4%
Cost of sales and services	382.45	380.78	1.67	0%
Gross profit	142.88	164.07	-21.18	-13%
Gross profit margin	27%	30%		
SG&A	107.06	101.55	5.51	5%
EBITDA	98.25	124.45	-26.19	-21%
EBITDA margin	19%	23%		
Depreciation and amortization	59.73	58.49	1.24	2%
EBIT	38.53	65.95	-27.43	-42%
Finance cost	-12.83	-7.49	5.34	71%
Income tax expenses	-7.39	-9.35	-1.95	-21%
Net income for period	18.31	49.12	-30.81	-63%
Earnings per share (THB)	0.06	0.16	-0.10	-63%

Note: Gross profit = Sales and service income – Cost of sales and services (does not include other income)





3.1. Analysis of H1 2019 in comparison with H1 2018 results

After three lost time injuries in Q1 2019 there was a renewed focus on health & safety resulting in a reduction in LTIs to zero. This focus will remain for the future.

Year on Year total revenues are down slightly by 4%. This was due to increased competition on the domestic market as competitors re-assigned volumes due to the weak export market. The strength of the Thai baht and additional capacity added in surrounding countries (e.g. Laos) were the major catalysts. Although volumes were behind forecasts value per tonne was increased therefore as volumes pick-up in H2 we expect revenue to get back on track.

On the costs side SG&A increased slightly due to some one-shot payments for employee incentive programs. On the variable cost side fuel costs were higher than in the same period last year and also in fixed costs related to production maintenance cost increased due to the earlier than expected improvement projects on the kilns. However, going into H2 variable cost savings will add to EBITDA as we see the impact of lower fuel costs Efforts continue to optimize cost further with incentive programs through the operations.

The impact of lower volumes was apparent as H1 2019 EBITDA decreased by 21% from the year previously. In H1 price has met expectations and every effort will be made to maintain the positive trend we saw since 2018 and despite the competitive pressure.

Depreciation was in line with the same period last year and given that are no major investments this will be constant for the rest of 2019.

Income tax expense has decreased due to the lower net result.

Net income was down significantly due to the reduced revenues and increased finance cost.

3.2. Assets, Liabilities & Shareholders' Equity

Current assets have decreased largely due to reduced inventory predominantly fuel as it is used in production. Non-current assets have decreased in line with depreciation with no major investments planned in H2 2019 following the completion of a small investment project for product development.

On the liabilities side the short-term borrowing facility increased due to the use of a TR (Trust Receipt) for the purchase of fuel in H1. Non-current liabilities have decreased as the Saraburi Acquisition loan and the Hua-Pha-Way Kiln 7 loan continue to be repaid.

Shareholder equity reduced with the lower net result.



Balance Sheet Summary as of 30 June 2019 compared to 31 December 2018:

Unit: Million Thai Baht (THB)	30th Jun 2019	31st Dec 2018	YoY change	YoY % change
Total current assets	459.13	504.70	-45.57	-9%
Total non-current assets	927.37	939.61	-12.23	-1%
Total assets	1,386.50	1,444.30	-57.80	-4%
Total current liabilities	615.91	510.75	105.16	21%
Total non-current liabilities	234.54	343.81	-109.27	-32%
Total liabilities	850.45	854.56	-4.11	0%
Total shareholders equity	536.05	589.74	-53.69	-9%
Total liabilities plus shareholders equity	1,386.50	1,444.30	-57.80	-4%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of H1 2019 decreased by 6mTHB from the start of the period to 33mTHB. The main differences on a year-on-year comparison is the increase in operational cashflow which is coming from the use of fuel inventory.

Net cash flows from investing activities decreased significantly year-on-year largely due to the 320mTHB purchase of Saraburi Quicklime in 1Q 2018. Investments in capital expenditure have also reduced significantly with continued focus on Capex discipline. There are no major investments planned in H2 2019 given the significant investments over the last two years as we focus on liquidity and reducing debt.

Net cash from long-term financing activities decreased year-on-year again from the impact of the loan for the acquisition. The first repayment on the acquisition loan of 38mTHB in March was completed. Short-term working capital increased versus H1 2018 as funding for investment in working capital, predominately fuel, which has peaked and will impact positively on cash for the rest of 2019.

There was a dividend payment of 1Q 2019 of 0.12THB/share or 36mTHB total. Quarterly dividends are planned to be maintained at this level for 2019 dependent on results. Dividends from Saraburi Quicklime will be used to cover the loan obligations for the acquisition.

Cash flow Summary as of 30 June 2019 compared to 30 June 2018:

Unit: Million Thai Baht (THB)	H1 2019 YTD	H1 2018 YTD	YoY change	YoY % change
Cash and cash equivalents at beginning of period	38.85	50.34	-11.49	-23%
Net cash flows from operating activities	130.29	27.24	103.05	378%
Net cash flows used in investing activities	-22.48	-350.57	-328.09	-94%
Net cash flows from (used in) financing activities	-113.47	336.71	-450.18	-134%
Net increase (decrease) in cash and cash equivalents	-5.66	13.38	-19.04	-142%
Cash and cash equivalents at end of period	33.19	63.72	-30.54	-48%





4. Financial Ratios

	Q2 2019	Q2 2018	H1 2019	H1 2018
Return on Equity (ROE)	0%	19%	7%	17%
Return on Assets (ROA)	0%	9%	3%	8%
Return on Fixed Assets (ROFA)	16%	37%	21%	33%
Debt/Equity Ratio	1.59	1.45	1.59	1.45
Net Debt/Equity Ratio	1.25	1.11	1.25	1.11
Leverage (Net Debt/EBITDA)	4.42	2.34	3.41	2.66

- Note:
- 1) Net Debt = Interest bearing liabilities – cash and cash equivalents
 - 2) Leverage Q2 and FY use annualized EBITDA
 - 3) ROFA = (Net profit + Depreciation)/ Average (Q2 2018 and Q4 2017) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

