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NO. (SUTHA-SET) 021/2019/EN

11 November 2019

Subject: Management Discussion and Analysis of the Company and subsidiary
for the period ended 30 September 2019

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 30 September 2019

As the Golden Lime Public Company Limited ("the Company") has submitted the Review report on the Consolidated Interim Financial Statements the three-month and the nine-month period ended 30 September 2019, 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





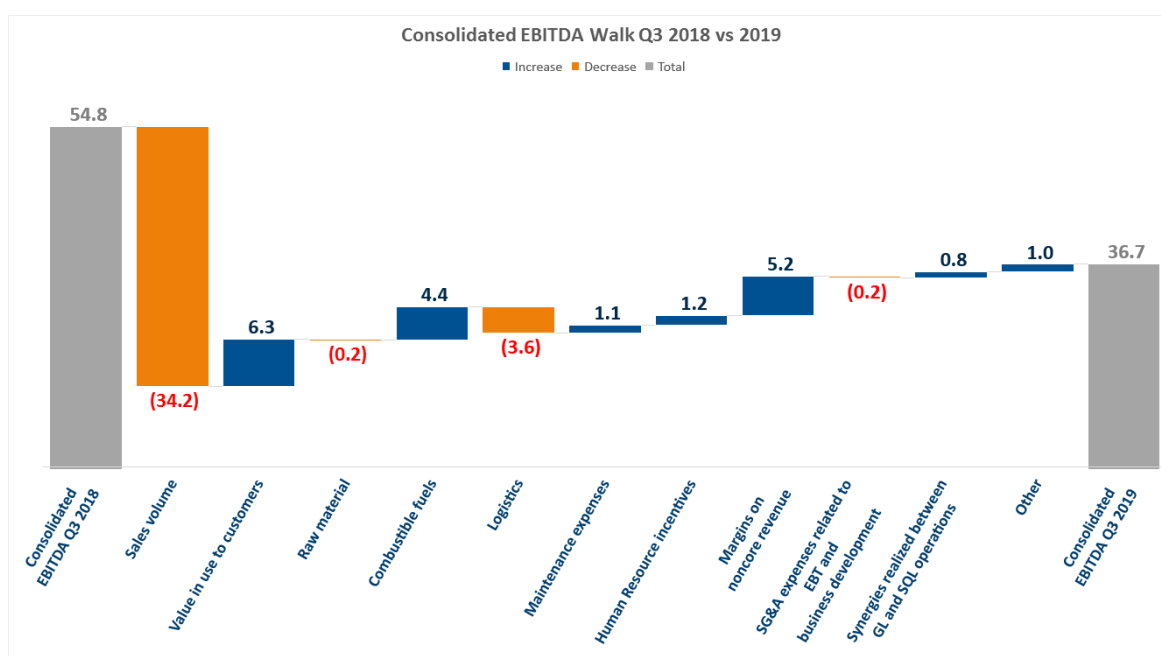
Golden Lime Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For period ended 30 September 2019

1. Highlights

- ▶ Health and safety: There were **zero lost time injuries** in Q3 2019
- ▶ Revenue: **220mTHB** in Q3 2019 compared to 303mTHB in Q3 2018 a decrease of 27%
- ▶ EBITDA: **37mTHB** in Q3 2019 compared to 55mTHB in Q3 2018 a decrease of 33%
- ▶ Net income: **-2mTHB** in Q3 2019 compared to 15mTHB in Q3 2018
- ▶ Burnt lime sales: **72k Mt** in Q3 2019 compared to 109k Mt Q3 2018 a 34% decrease



Commenting Mr Geza Perlaki, Golden Lime Managing Director said:

“Most importantly we have maintained our safety record from Q2 into Q3 and have zero lost time injuries which we will do everything possible on our continued journey to zero accidents.

Business wise Q3 2019 as in Q2 the macro economy and the competitive landscape remains challenging. The continuing weakness in the steel sector had a significant volume and revenue impact, but we do foresee that this business will pick-up in Q4 and next year, even if the sector in general remains under stress, as our new pioneering flux product gains traction replacing imported alternative products increasing the overall market size and providing significant total cost savings to our customers. Sales volume and revenue was also impacted by the highly competitive domestic market, as export competitiveness of industry peers is under pressure by the very strong Thai Baht, resulting in repatriation of capacity allocation. On the upside we addressed the market weakness with savings on the cost side, our fuel costs have decreased, and our SG&A is significantly down year on year -24% as we focused on reducing costs in order to compensate the challenging market conditions. Going forward we continue to seek ways to boost the sales volume via yet further new product introductions,





that again will expand the overall market size and bring savings to our customers, introduce flex fuel solutions resulting in overall further fuel cost savings. We also launched a solar plant project that will as from Q2 2020 supply significant portion of our internal electricity use decreasing further operational expenses.

2.Outlook

Economic growth accelerated in the third quarter from the near five-year low in the second quarter, although the pace of expansion remained relatively lackluster. Exports registered no growth over a year with a continued appreciation of the Thai baht having a detrimental effect and this has fed through to the domestic economy. The downturn in the goods-producing sector intensified, while agricultural output continued to fall amid a lingering drought. Consequently, annual private consumption growth moderated, while business and consumer sentiment worsened.

As in Q2 also in Q3 the main lime consuming sectors of the industry were impacted by the macro economy. However, market feedback has given us optimism that fixed asset investment that has been on hold will pick up. Internally our new flux product targeted at the steel market is now gaining the traction that it gets globally and we are confident of a pick-up in sales going into the end of the year and into 2020. Certain other key segments like chemical and construction also show positive tendencies. The continued strength of the Thai baht is challenging for exports but we are continuing to push into high value segments where the overall costs including logistics allows us to compete.



3. Financial highlights (based on Thai FRS)

Q3 2019 Financial Position Summary as of 30 September 2019 compared to Q3 2018:

	Q3 2019	Q3 2018	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	219.09	301.56	-82.47	-27%
Other income	1.05	1.65	-0.61	-37%
Total revenues	220.14	303.21	-83.07	-27%
Cost of sales and services	173.42	225.71	-52.29	-23%
Gross profit	45.68	75.85	-30.18	-40%
Gross profit margin	21%	25%		
SG&A	41.08	54.22	-13.14	-24%
EBITDA	36.75	54.78	-18.03	-33%
EBITDA margin	17%	18%		
Depreciation and amortization	31.11	31.50	-0.39	-1%
EBIT	5.64	23.28	-17.64	-76%
Finance cost	-6.13	-5.95	0.18	3%
Income tax expenses	-1.19	-2.37	-1.18	-50%
Net income for period	-1.68	14.96	-16.64	-111%
Earnings per share (THB)	-0.01	0.05	-0.06	-111%

	FY 2019	FY 2018	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	744.42	846.41	-101.98	-12%
Other income	3.75	5.09	-1.35	-26%
Total revenues	748.17	851.50	-103.33	-12%
Cost of sales and services	555.86	606.49	-50.63	-8%
Gross profit	188.56	239.92	-51.36	-21%
Gross profit margin	25%	28%		
SG&A	148.14	157.64	-9.50	-6%
EBITDA	135.01	176.19	-41.18	-23%
EBITDA margin	18%	21%		
Depreciation and amortization	90.84	88.82	2.02	2%
EBIT	44.17	87.37	-43.21	-49%
Finance cost	-18.96	-13.44	5.52	41%
Income tax expenses	-8.59	-11.73	-3.14	-27%
Net income for period	16.62	62.21	-45.58	-73%
Earnings per share (THB)	0.06	0.21	-0.15	-73%

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





3.1. Analysis of Q3 2019 in comparison with Q3 2018 results

Zero lost time injuries in Q2 and Q3 2019 from a continued focus on health & safety resulting was an important development and this focus on zero injuries will remain for the future.

Year on Year total revenues are down slightly by 12%. This was due to increased competition on the domestic market as competitors re-assigned volumes due to the weak export market and strong Thai baht. Although volumes were behind forecasts revenue per tonne has increased compared to 2018.

On the costs side SG&A decreased by -6% as a focus on optimizing costs has shown good progress. 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, maintenance has normalized and the average cost of fuel has reduced so Q4 should result in lower variable costs.

Lower volumes again apparent impacted on YTD 2019 EBITDA which has decreased by 23% from the previous year. In Q3 price has met expectations and every effort will be made to maintain the positive trend we saw since 2018 although the competitive pressure continues to increase.

Depreciation was in line with the same period last year and given that no major investments are planned this will be limited 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 for the rest of 2019 following the completion of a small investment project for product development.

On the liabilities side the short-term borrowing facility increased due to an increase in the amount of Promissory Notes used which is the lowest cost of financing. 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 September 2019 compared to 31 December 2018:

Unit: Million Thai Baht (THB)	30th Sep 2019	31st Dec 2018	YoY change	YoY % change
Total current assets	416.14	504.70	-88.56	-18%
Total non-current assets	906.96	939.61	-32.65	-3%
Total assets	1,323.10	1,444.30	-121.20	-8%
Total current liabilities	588.75	510.75	78.00	15%
Total non-current liabilities	226.98	343.81	-116.83	-34%
Total liabilities	815.74	854.56	-38.83	-5%
Total shareholders equity	507.36	589.74	-82.38	-14%
Total liabilities plus shareholders equity	1,323.10	1,444.30	-121.21	-8%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q3 2019 decreased slightly by 7mTHB from the start of the period to 31mTHB. 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 2018. Removing this one off impact we are inline. Investments in capital expenditure have also reduced significantly in stay in business as 30% of the investment is in new product infrastructure. We have made significant strides in Capex discipline, which will continue.

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 along with repayments of trust receipts for fuel purchases.

There was a dividend payment of 1Q 2019 of 0.12THB/share or 36mTHB total and 0.09THB/share or 27mTHB total. The regular dividends will continue but we will monitor the market and dividends will be dependent on market results which is consistent with our previous communication.

Cashflow Summary as of 30 September 2019 compared to 30 September 2018:

Unit: Million Thai Baht (THB)	FY 2019 YTD	FY 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	201.20	83.42	117.78	141%
Net cash flows used in investing activities	-59.29	-377.39	-318.11	-84%
Net cash flows from (used in) financing activities	-149.46	276.49	-425.95	-154%
Net increase (decrease) in cash and cash equivalents	-7.55	-17.48	9.93	-57%
Cash and cash equivalents at end of period	31.30	32.86	-1.56	-5%





4. Financial Ratios

	Q3 2019	Q3 2018	FY 2019	FY 2018
Return on Equity (ROE)	-1%	10%	4%	14%
Return on Assets (ROA)	0%	5%	2%	7%
Return on Fixed Assets (ROFA)	16%	29%	20%	31%
Debt/Equity Ratio	1.61	1.38	1.61	1.38
Net Debt/Equity Ratio	1.34	1.13	1.34	1.13
Leverage (Net Debt/EBITDA)	3.60	2.85	3.60	2.85

- 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 (current quarter and end of last year) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

