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NO. (SUTHA-SET) 008/2020/EN

14 May 2020

Subject: Management Discussion and Analysis of the Company and its subsidiary
for period ended 31 March 2020

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 31 March 2020

As Golden Lime Public Company Limited (“the Company”) and its subsidiaries have submitted the Interim Consolidated Financial Statements ended 31 March 2020, which have been reviewed by the Company’s authorized auditor. The Board of Directors deemed appropriate to appoint the said authorized auditor to perform the duty of reviewing the Consolidated Financial Statements of Q1/2020 including to audit the Financial Statements of the Year 2020. The auditor appointment proposal was approved on 25 February 2020 when the Board of Directors Meeting was and will be proposed to the Shareholders Meeting for the approval further.

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





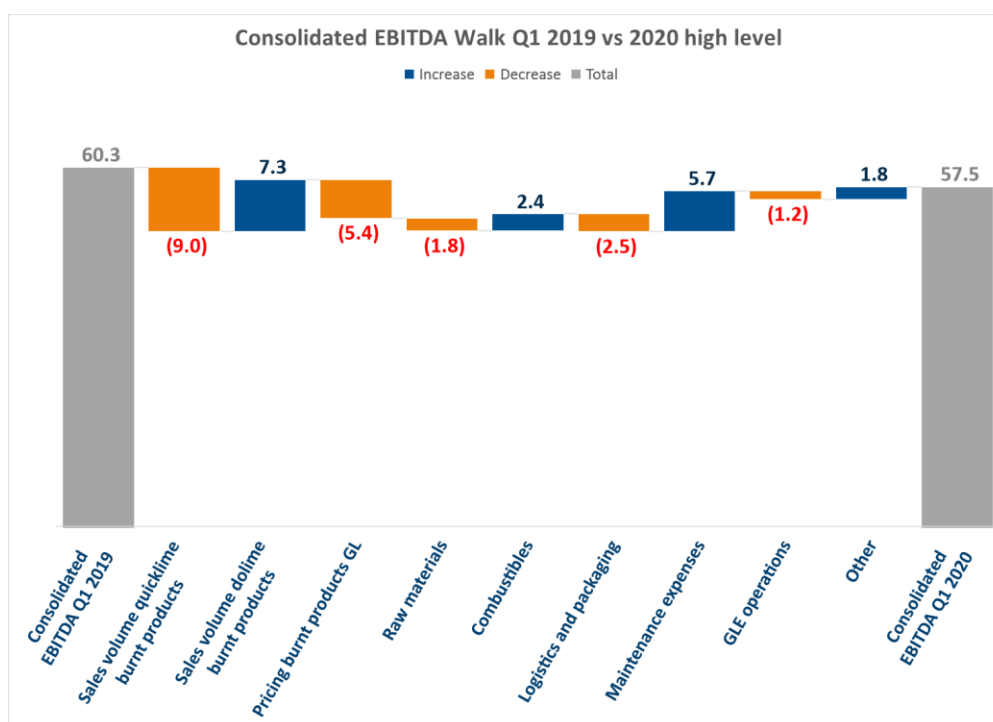
Golden Lime Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

For period ended 31 March 2020

1. Highlights

- ▶ Health and safety: There was **1 lost time injuries** in Q1 2020
- ▶ Revenue: **295mTHB** in Q1 2020 compared to 297mTHB in Q1 2019 a decrease of 1%
- ▶ EBITDA: **58mTHB** in Q1 2020 compared to 60mTHB in Q1 2019 a decrease of 5%
- ▶ Net income: **19mTHB** in Q1 2020 compared to 18mTHB in Q1 2019 an increase of 5%
- ▶ Burnt lime sales: **106k Mt** in Q1 2020 compared to 108k Mt Q1 2019



Commenting Mr Geza Perlaki, Golden Lime Managing Director said:

“Q1 was a quarter again on target. We met our key financial objectives, such as EBITDA and net income, despite a very weak sugar season, via launching commercial sales of a new product, extending the export markets, keeping fix costs and capex under strict control. The steel markets performed reasonably well, and our new product has gained traction in the steel market as our customers see the value in use of the product. In addition, our engineering business saw the signing of a new project in Indonesia, which will bring positive EBITDA to the business in Q2 to Q4 period. A contingency plan to mitigate the impacts of the Covid-19 impact on the economy was also launched in Q1, and while this has already had an impact in cost reduction, the full impact is expected again in Q2 to Q4. On the



downside, a weaker and shorter than expected sugar season affected volumes in Q1 and this will be the case in Q2. In addition, the economic impact of Covid-19 will be only fully visible in the Q2-Q4 period of the year. However, as our business is essential to many manufacturing processes, and as we are quite diversified, while we expect an impact, we do not expect this to be as severe as in the highly impacted sectors of the economy.”

2.Outlook

The global Covid-19 pandemic has affected Thai Q1 GDP with estimates that the contraction was -3% vs Q1 2019. This will be much worse in Q2 with a double-digit contraction, and on annualized basis, the IMF forecast for Thailand is now -6.5% in FY 2020 with a bounce back expected in 2021 +7.0%. The manufacturing sector entered a downturn in the second half of March, with output and the PMI falling to a record low. Moreover, business sentiment deteriorated throughout Q1 and dropped to an eight-year low in March. To soften the blow, the government announced various new fiscal measures, which now total THB 1.5 trillion (8.9% of 2019 GDP) and range from financial support for employees and farmers to tax relief.

The main lime consuming sectors of the industry had limited impact from Covid-19 in Q1 by the macro economy. However, the forecasts are for a drop in demand in the coming quarters as the government measures to restrict the spread of the virus impacts. While demand for products made from steel will drop particularly in the consumer segments such as white goods any stimulus will mean that towards the end of the year and into 2021 demand should increase. In other segments, disruption in cross border logistics is the key concern and once mitigation efforts are in place we should return to a more normal supply chain. While the impact of Covid-19 will be felt in our markets, it will not be as pronounced as in other industries that have greater exposure.



3. Financial highlights (based on Thai FRS)

Q1 2020 Financial Position Summary as of 31 March 2020 compared to Q1 2019:

	Q1 2020	Q1 2019	YoY change	YoY % change
Unit: Million Thai Baht (THB)				
Sales and service income	294.28	296.06	-1.78	-1%
Other income	0.81	0.70	0.11	16%
Total revenues	295.09	296.76	-1.67	-1%
Cost of sales and services	208.12	213.83	-5.71	-3%
Gross profit	86.16	82.23	3.93	5%
Gross profit margin	29%	28%		
SG&A	58.00	52.09	5.91	11%
EBITDA	57.50	60.28	-2.78	-5%
EBITDA margin	19%	20%		
Depreciation and amortization	28.53	29.44	-0.91	-3%
EBIT	28.97	30.84	-1.87	-6%
Finance cost	-5.33	-5.87	-0.54	-9%
Income tax expenses	-4.36	-6.68	-2.32	-35%
Net income for period	19.28	18.30	0.98	5%
Earnings per share (THB)	0.06	0.06	0.00	5%

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

3.1. Analysis of 2020 Q1 in comparison with 2019 Q1 results

While there was an improvement in Lost Time Injuries compared to 2019 as a renewed focus on safety including a dedicated fulltime safety officer is having an impact.

Revenue was similar to a year ago as a weaker than expected sugar season was mitigated by stronger sales of new product and also export markets.

On the costs side SG&A increased by 11% however this was largely due to one shot impacts for investment projects that will materialize in the rest of the year. In general, fixed costs will reduce due to Covid-19 restrictions on travel and mitigation plans in place for fixed cost savings in all departments. On the variable cost side stone costs were largely in line with expectations as was fuel which will reduce significantly for the rest of the year as a result of lower costs secured on the market.

Gross profit +5% was ahead of the same period last year while EBITDA was slightly behind the previous year -5% due to the one shot SG&A costs. Price has generally met expectations and every effort will be



made to maintain the price despite competitive pressure which remains. The engineering business while still a slight drag in Q1 has secured a project in Indonesia and will be a positive contributor in 2020 as a whole.

Depreciation was 3% down on the same quarter as some assets fully depreciate as major investments have largely been completed.

Income tax expense has decreased due to the lower EBITDA.

Net income was up 5% due to a decrease in financing costs as interest rates have reduced which is positive and the lower tax.

3.2. Assets, Liabilities & Shareholders' Equity

Current assets are largely in line with no major change apart from a slight increase in stone inventory. Non-current assets have increased due to the addition of solar power assets.

On the liabilities side the short-term borrowing facility increased due to an increase in the amount of the trust receipt used to purchase petcoke however non-current liabilities decreased as the loan for the Saraburi Quicklime acquisition was repaid.

Shareholder equity increased slightly with the increase in assets and the higher net result.

Balance Sheet Summary as of 31 March 2020 compared to 31 December 2019:

Unit: Million Thai Baht (THB)	31st Mar 2020	31st Dec 2019	YoY change	YoY % change
Total current assets	445.28	439.78	5.50	1%
Total non-current assets	913.47	901.66	11.81	1%
Total assets	1,358.75	1,341.44	17.31	1%
Total current liabilities	665.12	632.37	32.75	5%
Total non-current liabilities	187.07	221.79	-34.72	-16%
Total liabilities	852.19	854.16	-1.97	0%
Total shareholders equity	506.56	487.28	19.28	4%
Total liabilities plus shareholders equity	1,358.75	1,341.44	17.31	1%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q1 2020 decreased from the start of the period to 43mTHB largely due to repayment of outstanding loans and purchase of fuel inventory. Operational cash flow has increased if we remove the change in working capital investment.



Net cash flows from investing activities has increased as we invest in our solar project due to come on-stream at the end of Q2. This is fully financed and will have a positive impact on EBITDA as electricity cost is reduced.

Net cash from long-term financing activities decreased as long-term loans were repaid on schedule. Along with the second installment of the 38mTHB for the Saraburi Quicklime acquisition the 66mTHB bridge loan was also repaid.

There was no Q4 final year dividend payment.

Cashflow Summary as of 31 March 2020 compared to 31 December 2019:

Unit: Million Thai Baht (THB)	FY 2020 YTD	FY 2019 YTD	YoY change	YoY % change
Cash and cash equivalents at beginning of period	83.39	38.85	44.54	115%
Net cash flows from operating activities	27.34	37.62	-10.28	-27%
Net cash flows used in investing activities	-45.94	-7.50	38.44	512%
Net cash flows from (used in) financing activities	-22.00	-7.15	-14.85	208%
Net increase (decrease) in cash and cash equivalents	-40.61	22.96	-63.57	-277%
Cash and cash equivalents at end of period	42.78	61.81	-19.03	-31%

4. Financial Ratios

	Q1 2020	Q1 2019	FY 2020	FY 2019
Return on Equity (ROE)	15.52%	12.22%	15.51%	12.22%
Return on Assets (ROA)	5.71%	5.03%	5.71%	5.03%
Return on Fixed Assets (ROFA)	26.77%	25.90%	26.77%	25.90%
Debt/Equity Ratio	1.68	1.40	1.68	1.40
Net Debt/Equity Ratio	1.29	1.11	1.29	1.11
Leverage (Net Debt/EBITDA)	4.01	2.85	4.01	2.85

Note: 1) Net Debt = Interest bearing liabilities - cash and cash equivalents
 2) Leverage Q1 and FY use annualized EBITDA for the previous 4 quarters
 3) ROFA = (Net profit + Depreciation) / Average (Q1 2020 and Q4 2019) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

