



CHEMEMAN PUBLIC COMPANY LIMITED

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Subject: Reporting on the Company's Financial Performance for three-month and six-month period ended 30 June 2021

To: President of the Stock Exchange of Thailand

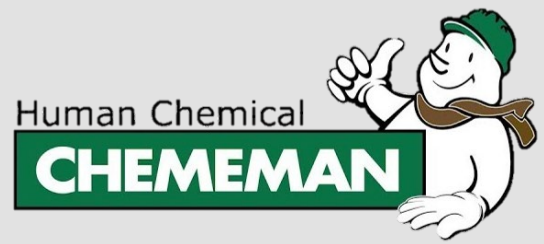
Attachment: Management Discussion and Analysis for three-month and six-month period ended 30 June 2021

Chememan Public Company Limited ("the Company") would like to report the financial performance of the Company and its subsidiaries for three-month and six-month period ended 30 June 2021 which has been reviewed by the Certified Public Accountant. Net profit attributable to equity holders of the Company for the three-month period of Q2 2021 at Baht 49 million increased by Baht 8 million from net profit attributable to equity holders of the Company for Q1 2021 at Baht 57 million, and increased by Baht 89 million from net loss attributable to equity holders of the Company at Baht 40 million in Q2 2020. Net profit attributable to equity holders of the Company for the first six-month period of 2021 at Baht 106 million increased by Baht 108 million from net loss attributable to equity holders of the Company at Baht 2 million for the first six-month period of 2020. The detail of Management Discussion and Analysis has been attached herewith.

Please kindly be informed accordingly.

Yours faithfully,

(Mr. Adisak Lowjun)
Chief Executive Officer



Chememan Public Company Limited

Management Discussion and Analysis

For three-month and six-month period ended 30 June 2021



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Business Overview

Chememan Public Company Limited and its subsidiaries and affiliated companies (“Company”) engage in the production and distribution of Quicklime (Calcium Oxide), Hydrated Lime (Calcium Hydroxide) and Limestone and ground limestone (Calcium Carbonate). With installed lime production capacity of over 1,000,000 tons per year, the Company’s products are classified as basic chemical products which are essential parts of the production process of various industries. Lime industry is, thus, considered as the upstream industry to many industries. At present, the Company has customer bases in various industries in Asia, Australia and Africa.

For Q2 2021 operational results, the Company generated 652 MB sales revenue, reduced 4.0% from previous quarter, but rose 11.2% from the same quarter last year.

Q2 2021 EBITDA grew slightly to 163 MB when compared with previous quarter, while rocketed when compared with 44 MB EBITDA for the same quarter last year.

Net Profit for Q2 2021 totaled 48 MB, slightly lowered from net profit of 55 MB in previous quarter, but increased tremendously when compared to 43 MB net loss in the same quarter last year.

At the end of Q2 2021, the Company reported total assets at 6,801 MB with an increase of 11.4%. Total liabilities rose 13.8% to 4,558 MB and total shareholders’ equity was recorded at 2,243 MB, with 7.0% increase from the end of year 2020.

Summary of Operational Results

Unit : Million Baht	For 3-month period ended			For 6-month period ended	
	30 June 2021	31 March 2021	30 June 2020	30 June 2021	30 June 2020
Sales revenue ⁽¹⁾	652	679	587	1,332	1,240
Cost of sales (not include depreciation & amortization)	(334)	(314)	(305)	(648)	(662)
Transportation cost	(144)	(171)	(115)	(315)	(237)
Gross Profit (net transportation cost and depreciation & amortization)	174	195	167	369	341
Gross Profit Margin (net transportation cost and depreciation & amortization) ⁽²⁾ (%)	34.2%	38.3%	35.3%	36.3%	34.0%
Other income	97	12	2	109	12
Selling and Administrative expenses	(105)	(87)	(94)	(193)	(164)
Gain (Loss) on exchange rate	(2)	41	(30)	39	(2)
EBITDA	163	161	44	324	187
EBITDA margin (%)	25.0%	23.7%	7.5%	24.3%	15.1%
Depreciation & Amortization	(86)	(81)	(76)	(168)	(152)
Finance costs	(19)	(24)	(20)	(42)	(48)
Interest received	1	1	1	2	2
Share of gain (loss) from investment in joint venture	(2)	2	2	(0)	5
Gain (Loss) on tax	(8)	(4)	7	(12)	(4)
Adjust: Profit (Loss) attributable to non-controlling interests of the subsidiary	1	2	3	3	9
Profit (Loss) attributable to equity holders of the company	49	57	(40)	106	(2)
Profit (Loss) attributable to non-controlling interests of the subsidiary	(1)	(2)	(3)	(3)	(9)
Net Profit (Loss)	48	55	(43)	103	(11)
Net Profit (Loss) Margin ⁽³⁾ (%)	9.5%	10.8%	(9.0%)	10.1%	(1.1%)
Earnings (Loss) per share (Baht)	0.05	0.06	(0.04)	0.11	(0.00)

⁽¹⁾ Sales revenue = Revenue from sales of products and transportation cost

⁽²⁾ Gross Profit Margin (net transportation and depreciation & amortization) = Gross Profit (net transportation and depreciation & amortization) / (Sales revenue – Transportation cost)

⁽³⁾ Net Profit Margin = Net Profit / (Sales revenue - Transportation cost)

Operational Results

In Q2 2021, the Company generated 652 MB sales revenue, reflecting a decrease of 4.0% from previous quarter and an increase of 11.2% from the same quarter last year, driven by the end of 2020/2021 sugar production season which ended at end of Q1 2021. The 2020/2021 sugar production season produced 11% lower than the 2019/2020 season, causing the reduction in lime sales to the sugar industry. However, the drop was substituted by sales to the steady growing mining industry, as well as the rising sales from the subsidiary in Vietnam. 6M2021 Sales rose 7.4% from the same period last year to 1,332 MB.

Gross profit margin (net transportation cost and depreciation & amortization) in Q2 2021 at 34.2%, slightly dropped from previous quarter and the same quarter last year due to the higher cost of fuel and the considerably high transportation cost.

Selling and administrative expenses consists of employees related expenses and general selling and administrative expenses. In Q2 2021, the expenses accounted for 105 MB, increased 20.6% and 12.0% when compared with previous quarter and the same quarter last year respectively. The increase was due to higher employees related expenses and the higher selling and export expenses following the increase in sales of the subsidiary in Vietnam. Added to the increase was the expenses incurred by operation commencement of the new distribution center in Australia.

Q2 2021 loss on exchange rate was recorded at 2 MB. Despite the positive impact from Thai Baht depreciation in Q2 2021, the strengthening US dollar caused the loss on exchange rate to the subsidiary in Australia which has liabilities denominated in US dollar. Nevertheless, the Company has been monitoring and planning to mitigate the exchange rate risk by managing the foreign currency denominated assets and liabilities or using other proper financial tools.

Q2 2021 EBITDA rose to 163 MB, driven by the recognition of prepaid tax and other fees in the statements of financial position with other income in the statement of comprehensive income amounting to 87 MB. The transaction arose as in July 2020, the subsidiary in Vietnam had paid tax arising from a write off of account receivable – director which happened before the acquisition of the subsidiary, in accordance with the recommendation of tax professional advisors. However, in April 2021, the local tax authority in Vietnam concluded that the subsidiary had no tax obligation in respect of such transaction and the tax paid can be treated as a prepayment which is utilized by deducting with the future taxes and other fees.

Depreciation & amortization expenses in Q2 2021, at 86 MB, increased from previous quarter and the same quarter last year by 6.3% and 13.0% respectively due to higher production volume.

Finance costs for Q2 2021 amounted to 19 MB, reflecting a decrease from previous quarter and the same quarter last year, as a result of lower interest rate and the prepayment of all outstanding debt from financial institution by the subsidiary in Vietnam. Subsequently, the 6M2021 finance cost amounted to 42 MB was reduced from the same period last year.

The Company recognized 2 MB loss from investment in joint ventures in Q2 2021, comparing with the gain of 2 MB each in previous quarter and the same quarter last year. This was caused by devastating impact of COVID-19 outbreak to both joint ventures in India.

Loss on tax in Q2 2021 amounted 8 MB, increased when compared with previous quarter and the same quarter last year.

From all the above factors, the Company reported net profit attributable to equity holders of the company at 49 MB based on Q2 2021 consolidated financial statements, compared with net profit attributable to equity holders of the company of 57 MB in previous quarter and net loss attributable to equity holders of the company of 40 MB in the same quarter last year.

Financial Positions

Unit: Million Baht	As at		% Change
	30 June 2021	31 December 2020	
Total current assets	1,437	1,252	+14.8%
Total non-current assets	5,364	4,852	+10.5%
Total Assets	6,801	6,103	+11.4%
Total current liabilities	1,871	2,116	-11.6%
Total non-current liabilities	2,687	1,891	+42.1%
Total Liabilities	4,558	4,007	+13.8%
Equity attributable to owners of the Company	2,141	1,995	+7.3%
Non-controlling interests of the subsidiary	102	102	+0.4%
Total Shareholders' Equity	2,243	2,096	+7.0%

Total Assets as at 30 June 2021, equivalent to 6,801 MB, increased 697 MB from the end of year 2020, mainly from 532 MB increase in property, plant and equipment and advance payments for construction of plant and machinery in accordance with planned investment.

Total Liabilities as at 30 June 2021, recorded at 4,558 MB, increased 551 MB from the end of year 2020, driven mainly by the increase in long term debts used to support both domestic and overseas investment.

Total Shareholders' Equity as at 30 June 2021, equal to 2,243 MB, increased 146 MB from total comprehensive income of 6M2021.

Liquidity and Cash Flow

Unit : Million Baht	For 6-month period ended		Change
	30 June 2021	30 June 2020	
Cash flows from operating activities	240	157	83
Cash flows from investing activities	(574)	(142)	(432)
Cash flows from financing activities	367	139	228
Increase (Decrease) in translation adjustments	(83)	6	(89)
Net increase in cash and cash equivalents	(49)	161	(210)
Cash and cash equivalents at beginning of period	494	215	278
Cash and cash equivalents at end of period	444	376	68

For Q2 2021, the Company generated a decrease in cash by 49 MB, representing a decrease of 210 MB from the same period last year, resulting in cash and cash equivalents at the end of period equivalent to 444 MB.

Cash flows from operating activities The Company's net cash inflows from operating activities, after deduction of cash paid for interest expenses and income tax, amounting to 240 MB, increased 83 MB from the same period last year, contributed by cash from operating activities of the Company and the subsidiaries.

Cash flows from investing activities The Company's net cash outflows from investing activities in the amount of 574 MB, rose 432 MB from the same period last year, accounted by investment in distribution center by an overseas subsidiary as well as the production efficiency improvement projects in accordance with the scheduled investment.

Cash flows from financing activities The Company's net cash inflows from financing activities of 367 MB, rose by 228 MB from the same period last year due to the increase in long-term loan to support overseas production expansion and operations.

Key Financial Ratios

Financial Ratios	Unit	For 3-month period ended		
		30 June 2021	31 March 2021	30 June 2020
Current Ratio	Times	0.77	0.69	0.65
Average Collection Period	Days	52	57	44
Average Inventory Period	Days	71	73	55
Average Payment Period	Days	64	47	46
Return on Equity (ROE)	%	(1.04)	(5.17)	(1.77)
Return on Asset (ROA)	%	(0.37)	(1.87)	(0.79)
Debt / Equity Ratio	Times	2.03	1.93	1.62
Interest-Bearing Debt / Equity Ratio	Times	1.71	1.63	1.33

Remarks : The calculation of financial ratios is based on formulas in the SET's manual guide.