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15 November 2021

Subject: Management Discussion and Analysis of the Company and its subsidiary
for period ended 30 September 2021

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 30 September 2021

As Golden Lime Public Company Limited (“the Company”) and its subsidiaries have submitted the Interim Consolidated Financial Statements the three-month and the nine-month period ended 30 September 2021, 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 2021

1. Highlights

- ▶ Health and safety: There were **three lost time injuries** in Q3 2021
- ▶ Sales revenue (consolidated): **276mTHB in Q3 2021** compared to 267mTHB in Q3 2020 an increase of 3%; **908mTHB in nine-month 2021** compared to 793mTHB in nine-month 2020 an increase of 15%
- ▶ EBITDA (consolidated): **59mTHB in Q3 2021** compared to 46mTHB an increase of 29%; **193mTHB in nine-month 2021** compared to 324mTHB, gain on bargain purchase excluded was 148mTHB in nine-month 2020, an increase of 31%
- ▶ Net income (consolidated): **14mTHB in Q3 2021** compared to the loss of 2mTHB in Q3 2020; **51mTHB in nine-month 2021** compared to 194mTHB, gain on bargain purchase excluded 17mTHB in nine-month 2020

Commenting Mr. Geza Perlaki, Golden Lime Managing Director said:

The third quarter of 2021 turned out to be still under the economic influence of the Covid-19 pandemic management related measures in Thailand (that from a macroeconomic perspective blocked the recovery vs 2020, resulting a flat GDP evolution) and a reduced demand for construction related products, as well as internationally manifesting in supply chain disruptions, a price surge of fuels, and maritime shipment disruptions, but on the upside also in a strong export performance and a recovery in steel and chemicals same time however the end of the into a post pandemic 2022, turned out to be even more. The impact of the on Golden Lime and its subsidiaries was twofold: weak sales performance to construction (AAC lime, ready-mixed aggregates, ornamental marble products) , cost increase due to the surging price of fuels, export logistics expenses, and domestic transportation, but also a strong sales performance to steel and chemical segments, as well as opening up of new export opportunities.

The core BURNT PRODUCT markets experienced in Q3 2021 a mixed performance, with flat quicklime sales, but improved dolomitic lime performance, segment wise higher volumes to steel, pulp & paper, chemicals, but lower to construction and sugar market. The export performed to traditional markets in neighboring countries was weak (due to competitive activity primarily, a 2nd kiln startup of a Laos producer, and a new small player on the same market), but new markets in Australia, Singapore, and Cambodia compensated.

The AGGREGATE product sales continue to underperform mainly due to limited sales to construction (concrete plants, road construction), here all market payers have built significant stock, that will result an oversupplied market for a period well after construction activity normalizes in 2022.

The GCC markets performed adequately, demand for both GL and TMC milled limestone products was healthy.

The development of NEW PRODUCTS is crucial for the coming months and years, here Golden Lime made important (however in results not yet visible) advances, in terms of unique product development, downstream application offerings to customers, with the objective to occupy niche



spots on the market, delivering special value to the customers – these initiatives are expected to bear fruits in the coming year(s), and provide a sustainable competitive advantage.

On the cost side the FUEL cost direction was “only way is up” in this quarter again, spiking spot prices, resulting cost increase, that was (with no other short-term remedy available) passed to customers, resulting in a general increase of the burnt product price level on the market (competition is under the same influence).

Contributing to the long-term net-zero CO2 emission objective of the Carmeuse Group, and same time acting with long lasting effect on the fuel cost, alternative fuel use (locally produced biofuels especially) offers a solution: price predictability and a generally greener approach to lime production same time.

The SOLAR (I) project, that started regular operation in September 2020, continued to contribute significantly to the cost reduction providing also green credentials to GL. Based on the success the SOLAR II capacity expansion project is now ongoing and expected to start in H1 2022, while the SOLAR III project is also initiated and in preparation phase.

The limestone quarry operations of TMC performed largely as expected, providing the majority (but not all) of kiln feed raw material to GL, but the cost increase (primarily fuels) was also significant here, while the construction slump related a setback in aggregate sales.

The GL production NETWORK RATIONALIZATION (started in Q3 2020, finalized in Q1 2021) continued to contribute significantly to the fix production cost reduction program, compared with last year same period.

The FLEX-FUEL program was finalized in Q1 resulting in the new capability to switch between diverse solid fuels adapting to market conditions (tough all such fuels experienced a cost increase in this quarter, so the use of differentiation was limited)

The ENGINEERING division revenues and margin realization of GLE on external markets were also an important contributor in Q3 and expected to generate significant impact on the P&L, and especially on cash-flow, in Q4 and Q1 2022.

The development of NEW PRODUCTS is crucial for the coming months and years, here Golden Lime made important (however in results not yet visible) advances, in terms of unique product development, downstream application offerings to customers, with the objective to occupy niche spots on the market, delivering special value to the customers – these initiatives are expected to bear fruits in the coming year(s), and provide a sustainable competitive advantage.



2.Outlook

The FUEL combustible cost is a key challenge in the second half of this year, GL will use all possible measures to mitigate this cost increase but has already and will also in the near future inevitably need to pass the effect further to customers.

The LOGISTICS to reach export markets is another area of attention, that will need to be managed with extra care, to filter out the impact of market events that may continue to be unusual in Q4 2021 and Q1 2022, stabilizing possible only beyond that.

Going forward however the year 2022, is expected to bring significant ECONOMIC UPSWING, with robust GDP growth in Thailand finally, and strong export markets, with the pandemic now hopefully really behind us, and diverse segments of the lime markets, as well as marble and construction materials, experiencing the conjuncture effect, thus the general outlook for the next year is definitely OPTIMISTIC.



3. Financial highlights (based on Thai FRS)

Q3 2021 Income Statement Summary as of 30 September 2021 compared to Q3 2020:

	Q3 2021	Q3 2020	Q3 2019	YoY change Q3 2021 vs Q3 2020	YoY % change Q3 2021 vs Q3 2020
Unit: Million Thai Baht (THB)					
Sales and service income	275.94	266.85	219.09	9.09	3%
Other income	21.07	1.13	1.05	19.94	1765%
Total revenues	297.01	267.98	220.14	29.03	11%
Cost of sales and services	215.89	205.63	173.41	10.26	5%
Gross profit	60.05	61.22	45.68	-1.17	-2%
Gross profit margin	22%	23%	21%		
SG&A	56.86	56.16	41.08	0.70	1%
EBITDA	59.20	45.78	36.76	13.42	29%
EBITDA margin	20%	17%	17%		
Depreciation and amortization	34.94	39.59	31.11	-4.65	-12%
EBIT	24.26	6.19	5.65	18.07	292%
Finance cost	-9.25	-8.80	-6.13	0.45	5%
Income tax expenses	-1.12	0.22	-1.20	1.34	-609%
Net income for period	13.89	-2.39	-1.68	16.28	-681%
Earnings per share (THB)	0.05	-0.01	-0.01	0.05	-681%

Nine-month 2021 Income Statement Summary as of 30 September 2021 compared to nine-month 2020:

	FY 2021	FY 2020	FY 2019	YoY change FY 2021 vs FY 2020	YoY % change FY 2021 vs FY 2020
Unit: Million Thai Baht (THB)					
Sales and service income	908.39	793.04	744.42	115.35	15%
Other income	23.45	179.52	3.75	-156.07	-87%
Total revenues	931.84	972.56	748.17	-40.72	-4%
Cost of sales and services	671.08	585.27	555.86	85.81	15%
Gross profit	237.31	207.77	188.56	29.54	14%
Gross profit margin	26%	26%	25%		
SG&A	178.56	163.45	148.14	15.11	9%
EBITDA	193.25	324.49	135.01	-131.24	-40%
EBITDA margin	21%	33%	18%		
Depreciation and amortization	111.04	100.65	90.84	10.39	10%
EBIT	82.21	223.84	44.17	-141.63	-63%
Finance cost	-28.09	-22.16	-18.96	5.93	27%
Income tax expenses	-2.63	-7.53	-8.59	-4.90	-65%
Net income for period	51.49	194.15	16.63	-142.66	-73%
Earnings per share (THB)	0.17	0.65	0.06	-0.48	-73%



3.1. Analysis of 2021 in comparison with 2020 results

Revenue from sales and services in 2021 was higher from 2020 mainly from the TMC revenue has included in this year, while there was only 141 days of TMC revenue last year. The core burnt product has positive impacted mainly from steel, chemical market. In addition, the engineering business by Golden Lime Engineering has contributed from the kiln project in Indonesia as planned.

On the **costs** side stone variable cost were largely in line with expectations, together with the acquired of TMC quarry which has good quality limestone material, will be utilized, and benefit overall consolidated results. An electricity costs started to be reduced as we have started to generate electricity from our owned solar farm since September 2020.

SG&A in both Q3 and nine-month 2021 were higher than the same period last year due to the full TMC addition in 2021 while only 141 days of TMC SG&A added to 2020. However, the percentage of SG&A to sales and service income has slightly decreased as there was a decreasing trend in the Company fixed cost that arose from our implementation of Network Rationalization project last year which is the long-term cost saving that has benefited to the Company in full impact this year and in the future. Moreover, the general fixed expense has been decreased due to Covid-19 restrictions on travel and mitigation plans in place for fixed cost savings in all departments.

EBITDA (Earnings before tax, depreciation, and amortization) in Q3 2021 and nine-month 2021 decreased from the same period last year as there was gain on bargain purchase on TMC business, if exclude this one-shot transaction, the EBITDA both Q3 and nine-month are better than the same period last year. Moreover, the engineering business has gradually shown positive impact on Indonesia project.

Depreciation was higher from the same period last year as there were the revaluation of fixed asset and intangible asset from business acquisition and the assets depreciation of TMC figures were included.

Income tax expense in 2021 has decreased compared to the same period last year as there was Board on Investment (BOI) tax benefit from Solar farm project

Net income in 2021 was decreased compared to the same period last year. However, if the gain on bargain purchase is excluded, the net income is higher than the same period last year.



3.2. Assets, Liabilities & Shareholders' Equity

Current assets and non-current assets: no significant change from last year

Current liabilities and non-current liabilities: the short-term borrowing facility from financial institutions increased as the company borrowed for fuel purchasing. The long-term liabilities decreased from the regular loan repayment

Shareholder equity: increased from net results.

Financial Position Summary as of 30 September 2021 compared to 31 December 2020:

Unit: Million Thai Baht (THB)	30th Sep 2021	31st Dec 2020	31st Dec 2019	YoY change 2021 vs 2020	YoY % change 2021 vs 2020
Total current assets	746.50	728.35	439.78	18.15	2%
Total non-current assets	1,454.79	1,487.94	901.66	-33.15	-2%
Total assets	2,201.29	2,216.29	1,341.44	-15.00	-1%
Total current liabilities	886.05	795.55	632.37	90.50	11%
Total non-current liabilities	692.35	810.29	221.78	-117.94	-15%
Total liabilities	1,578.40	1,605.84	854.15	-27.44	-2%
Total shareholders equity	622.89	610.45	487.29	12.44	2%
Total liabilities plus shareholders equity	2,201.29	2,216.29	1,341.44	-15.00	-1%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q3 2021 decreased from the start of the period to 40mTHB mainly came from

Net cash flows used in investing activities has increased from the reserve of principal and interest payments under the condition according to the loan agreement and the investment into a new improved product to extend our market base.

Net cash flows used in financing activities has increased mainly from dividend payment. There was an increase in short-term loan for fuel purchasing and the regular loan repayment on schedule for both Saraburi Quicklime acquisition and TMC acquisition together with finance cost.



Cashflow Summary as of 30 September 2021 compared to 30 September 2020:

Unit: Million Thai Baht (THB)	FY 2021 YTD	FY 2020 YTD	FY 2019 YTD	YoY change	
				FY 2021 vs FY 2020	FY 2021 vs FY 2020
Cash and cash equivalents at beginning of period	133.48	83.39	38.85	50.09	60%
Net cash flows from operating activities	74.98	96.36	130.29	-21.38	-22%
Net cash flows from (used in) investing activities	-86.96	-551.62	-22.48	-464.66	-84%
Net cash flows from (used in) financing activities	-81.22	555.52	-113.47	-636.74	-115%
Net increase (decrease) in cash and cash equivalents	-93.20	100.25	-5.66	-193.45	-193%
Cash and cash equivalents at end of period	40.27	183.64	33.19	-143.37	-78%

4. Financial Ratios

	Q3 2021	Q3 2020	Q3 2019	FY 2021	FY 2020	FY 2019
Return on Equity (ROE)	9.01%	-1.66%	-1.22%	11.13%	45.07%	4.04%
Return on Assets (ROA)	2.52%	-0.53%	-0.49%	3.11%	14.38%	1.60%
Return on Fixed Assets (ROFA)	15.34%	14.88%	16.06%	17.02%	39.30%	19.55%
Debt/Equity Ratio	2.53	2.41	1.61	2.53	2.41	1.61
Net Debt/Equity Ratio	1.91	1.62	1.34	1.91	1.62	1.34
Leverage (Net Debt/EBITDA)	2.87	3.03	3.60	2.87	3.03	3.60
Collection period (Days)	46.74	55.51	49.12	42.59	56.04	43.37

- 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 (Q3 2021 and Q4 2020) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

