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NO. (SUTHA-SET) 009/2022/EN

17 May 2022

Subject: Management Discussion and Analysis of the Company and its subsidiary
for period ended 31 March 2022

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 31 March 2022

As Golden Lime Public Company Limited (“the Company”) and its subsidiaries have submitted the Interim Consolidated Financial Statements ended 31 March 2022, which have been reviewed by the Company’s authorized auditor appointed by the Annual General Meeting of Shareholder on 8 April 2022.

The Company would like to clarify the operating results of the Company and its subsidiary, please kindly find in 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 2022

1. Highlights

- ▶ Health and safety: There were **two lost time injuries** in Q1 2022
- ▶ Sales revenue (consolidated): **391mTHB in Q1 2022** compared with 343mTHB in Q1 2021 an increase of 14%
- ▶ EBITDA **standalone 71mTHB in Q1 2022** compared with 52m THB in Q1 2021 an increase of 36%, and **consolidated 76mTHB in Q1 2022** compared with 79mTHB in Q1 2021 a decrease of 4%
- ▶ Net income **standalone 39m THB in Q1 2022** compared with 18m in Q1 2021 an increase of 115%, and **consolidated 32mTHB in Q1 2022** compared with 30mTHB in Q1 2021 an increase of 8%

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

The first quarter of 2022 turned out to be one with ups and downs: while the Golden Lime (standalone) core burnt products business generated significantly higher turnover and profits EBITDA up from 52m to 71m (+36%) the Engineering subsidiary contribution was much lower than last year (it is a project business), and Thai Marble also underperformed, the TMC limestone quarry restarted operations only end January, as an aftermath of an incident still in Q4 2021, TMC marble sales and production still suffering from a depressed construction market that set in from second half last year vs a still adequate first quarter in 2022 (overall GL subsidiaries contributed to consolidate EBITDA 27m last year while this year subsidiaries' contribution was under impact of their mixed performance)

Economic environment: The Thai economy was a laggard vs peers in post Covid reopening, in Q1 2022 tourism still significantly under influence of government restrictions, same time due to an overheated global economy overseas markets performed well, the Thai exports boomed. Consequentially domestic industrial performance was mixed: steel and chemical industry demand was robust, the construction markets remained weak. Also, the 2020-2021 sugar season was significantly stronger than in previous years.

Combustible costs: The energy markets (oil, coal) worldwide experienced last year highest price hikes seen in recent history, plateauing in December to February, and again increasing sharply as direct effect of the Ukraine war in March. With this further increasing energy cost exposure, it was inevitable GL to increase sales in Q1 this year further, covering the fuel cost increase. The revenue improvement is contributable to some overall volume gains vs last year (in sugar and steel) to a smaller extent, while largely a result of higher realized unit prices. This shift in costs has also impact on the competitive landscape: with oil & coal prices up, the domestic natural gas (pricing relatively flat and largely disconnected from global trends) based production became, while still expensive, relatively more competitive.

Maritime shipping: one consequence of the overheated world economy and the highly disturbed international supply chain situation last year was the enormous increase of container logistics costs – while this increasing trend stopped this year, it has not yet reversed, overall still limiting export performance to some traditional overseas markets (Indonesia, Philippines, India) for the Thai lime industry, resulting more capacity available for domestic supply. This impacted the



competitive situation in all FY 2021, and indirect effect on GL's sales, but also directly delaying export shipments of quicklime and Engineering related machinery equipment (delayed to 2022)

The core BURNT PRODUCT (quicklime and dolomitic lime) sales volume experienced in Q1 2022 volume increase, due to a stronger sugar demand, but also higher steel and chemical uptake, and exports to some select logistically accessible destinations, that combined with higher prices (despite also higher costs) resulted a very strong quarterly performance.

The AGGREGATE product sales continue to underperform mainly due to limited sales to construction (concrete plants, road construction), TMC carries also significant aggregate stock, an oversupplied market, until construction activity is expected to normalize in 2022. To diversify TMC entered the FGD market from Q1 2022. The kilnfeed, readymix, and chips stone product output was disturbed by the November-2021 quarry incident, that got resolved fully only end-January 2022, leaving a major gap in the output, and an impact on costs, in Q1 2022 still.

The GCC markets performed adequately, demand for both GL and TMC milled limestone products is improving, with new entrants to the market on the demand side further improvement is expected.

The MARBLE activity of TMC, continued to be under pressure: demand was low, and even if construction projects restart in H1 2022, with an improving Thai economy, the effect on ornamental stone will be delayed by 6 to 12 months (this helped us at the early stages of Covid, now at the end has the opposite effect), thus we only expect a back-to-normal situation on the marble markets from Q4 this year and in 2023. Another specific marble related effect is the unavailability of physical blue-collar labor, that is essential in manual processes like marble quarrying and processing, the lack of workforce resulted production gaps, adding to market woes.

With respect to NEW PRODUCTS and SERVICE SOLUTIONS the sales of dolomitic products improved further, while the construction market product was still not launched (partially due to lack of capacity due to strong burnt volume demand) pending for Q2. We continue to pursue milk-of-lime and lime-injection project as a downstream diversification.

Beside the SOLAR (I) project, GL started the second expansion phase trial operation in Q1 with good results, regular operation after all approvals expected from Q2. We consider a Solar 3rd phase in the Prabuthapath plant eventually to be launched in Q3, after the Solar I & II BOI support expires.

The results of the FLEX-FUEL program, launched in 2021, were fully used in Q1 2022 with the new capability to switch between diverse solid fuels adapting to market conditions (though all such fuels experienced a cost explosion in this quarter again, so the cost impact of this differentiation was limited) and made advances in the biomass introduction (under development – FLEX FUEL II)

The ENGINEERING division revenues and margin realization of GLE on external markets, impacting the consolidate result, was insignificant (while in Q1 2021 it was a major contributor), launched a domestic external project in Q1 however with expected impact on results only in Q2.



2.Outlook

The FUEL combustible cost will be key challenge in all FY 2022. GL will use all possible measures to mitigate this cost increase, including FLEX-FUEL II project, flexible use of available materials, but will inevitably need to continue to pass the effect further to customers via price increases also in Q2 and beyond.

The LOGISTICS challenges to reach export markets (especially via container cargo) in Q1 were as challenging as in 2021, one way out is to switch to alternative way of transportation, a trend that will likely continue all 2022. The diesel fuel cost increase had major effect on the transport cost of finished goods, that was again largely passed on to customers, but inevitable effecting also internal and raw material logistics expenses.

For the rest of 2022, with still strong sugar sales, steel, and chemical demand, and returning construction activity, we expect to continue to experience the uplifting effect of an ECONOMIC UPSWING, not only in the burnt product market like in Q1 2022, but also on quarrying products (aggregates, GCC) and in the decorative stone (marble) business of Golden Lime, thus our general outlook for the rest of the year is remains OPTIMISTIC.



3. Financial highlights (based on Thai FRS)

Q1 2022 Income Statement Summary as of 31 March 2022 compared to Q1 2021:

	Q1 2022	Q1 2021	Q1 2020	YoY change	
				Q12022 vs Q12021	Q12022 vs Q12021
Unit: Million Thai Baht (THB)					
Sales and service income	390.65	342.64	294.28	48.01	14%
Other income	2.11	1.23	0.81	0.88	72%
Total revenues	392.76	343.87	295.09	48.89	14%
Cost of sales and services	286.34	240.42	208.12	45.92	19%
Gross profit	104.31	102.22	86.16	2.09	2%
Gross profit margin	27%	30%	29%		
SG&A	65.91	62.60	58.00	3.31	5%
EBITDA	75.91	78.99	57.50	-3.08	-4%
EBITDA margin	19%	23%	19%		
Depreciation and amortization	35.40	38.14	28.53	-2.74	-7%
EBIT	40.51	40.85	28.97	-0.34	-1%
Finance cost	-9.01	-8.93	-5.33	0.08	1%
Income tax expenses	0.70	-2.19	-4.36	-2.89	-132%
Net income for period	32.20	29.73	19.28	2.47	8%
Earnings per share (THB)	0.11	0.10	0.06	0.01	8%

3.1. Analysis of 2022 in comparison with 2021 results

Revenue from sales and services in Q1 2022 was higher from the same period last year from the core burnt product has higher sales volumes from sugar, steel, chemical, and export market, together with the higher prices.

Cost of sales and services even there was an increasingly trend due to the fuel cost, the company has increased the sales prices in multiple steps to cover the higher energy cost exposure and able to maintain Golden Lime Q1 2022 gross margin compared to last year. However, Thai Marble cost of sales has significantly increased due to a high diesel cost and boulder incident effect

SG&A in 2022 were higher than the same period last year mainly from selling expense in Golden Lime as the company sales more to the export market, while the administrative expenses were reduced both in Golden Lime and Thai Marble

EBITDA (Earnings before tax, depreciation, and amortization) in 2022 was slightly lower than the same period last year mainly from our subsidiary, Thai Marble. However, the Golden Lime standalone EBITDA has an YoY increase of 36%

Depreciation this year has slightly decreased from last year as some of asset has fully depreciated



Income tax expense in 2022 has decreased compared to the same period last year as there was Board on Investment (BOI) tax benefit from Solar farm project

All in all, from above mentioned resulting in the **Net income** in 2022 has increased compared to the same period last year.

3.2. Assets, Liabilities & Shareholders' Equity

Current assets: mainly increased from the fuel purchasing this year and the working capital from operation.

Non-current assets: decreased from the depreciation of fixed asset and amortization of intangible asset

Current liabilities: the short-term loan has increased while the current portion of long-term loan reduced

Non-current liabilities: decreased from the repayment of long-term loan

Shareholder equity: increased from net results.

Financial Position Summary as of 31 March 2022 compared to 31 December 2021:

Unit: Million Thai Baht (THB)	31st Mar 2022	31st Dec 2021	31st Dec 2020	YoY change 2022 vs 2021	YoY % change 2022 vs 2021
Total current assets	816.77	775.07	728.35	41.70	5%
Total non-current assets	1,440.50	1,457.82	1,487.94	-17.32	-1%
Total assets	2,257.27	2,232.89	2,216.29	24.38	1%
Total current liabilities	1,194.22	1,183.60	795.55	10.62	1%
Total non-current liabilities	405.07	423.50	810.29	-18.43	-4%
Total liabilities	1,599.29	1,607.10	1,605.84	-7.81	0%
Total shareholders equity	657.98	625.79	610.45	32.19	5%
Total liabilities plus shareholders equity	2,257.27	2,232.89	2,216.29	24.38	1%

3.3. Cash Flow Analysis

Cash and cash equivalents at the end of Q1 2022 increased from the start of the period to 59mTHB mainly came from the **net cash flows from operating activities** that increase from company performance



Net cash flows used in investing activities has decreased compared to last year as there were the reserve of principal and interest payments under the condition according to the loan agreement in last year. In addition, the company has invested for new improved product to extend our market base last year

Net cash flows from financing activities in Q1 2022 was almost neutral as the company has repaid short-term loan for last year fuel purchasing together with a new drawdown from this year fuel shipment. In addition, the regular loan repayment for both Saraburi Quicklime acquisition and TMC acquisition together with finance cost have been repaid on schedule

Cashflow Summary as of 31 March 2022 compared to 31 December 2021:

Unit: Million Thai Baht (THB)	FY 2022 YTD	FY 2021 YTD	FY 2020 YTD	YoY change 2022 vs 2021	YoY % change 2022 vs 2021
Cash and cash equivalents at beginning of period	40.10	133.48	83.39	-93.38	-70%
Net cash flows from operating activities	31.26	-54.85	27.34	86.11	-157%
Net cash flows from (used in) investing activities	-13.86	-72.37	-45.94	-58.51	-81%
Net cash flows from (used in) financing activities	1.46	29.58	-22.00	-28.12	-95%
Net increase (decrease) in cash and cash equivalents	18.86	-97.65	-40.60	116.51	-119%
Cash and cash equivalents at end of period	58.96	35.83	42.79	23.13	65%

4. Financial Ratios

	Q1 2022	Q1 2021	Q1 2020	FY 2022	FY 2021	FY 2020
Return on Equity (ROE)	20.07%	19.02%	15.52%	20.07%	19.02%	15.52%
Return on Assets (ROA)	5.74%	5.30%	5.71%	5.74%	5.30%	5.71%
Return on Fixed Assets (ROFA)	21.62%	21.19%	26.77%	21.62%	21.19%	26.77%
Debt/Equity Ratio	2.43	2.55	1.68	2.43	2.55	1.68
Net Debt/Equity Ratio	1.84	1.94	1.29	1.84	1.94	1.29
Leverage (Net Debt/EBITDA)	5.24	3.06	4.01	5.24	3.06	4.01
Collection period (Days)	48.30	49.42	44.37	48.30	49.42	44.37

- 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 2022 and Q4 2021) of property, plant and equipment

Mr. Geza Perlaki

Authorized Director

Mr. Krishnan Subramanian Aylur

Authorized Director

