



# Golden Lime H2 2021 Update: Overcoming Market Challenges Seize the Momentum of New Opportunities

SET Opportunity Day

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Golden Lime Public Company Limited

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# Purpose Of The Presentation

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- **Global Lime Market Trends 2021**
- Golden Lime 2021 Financial Update
- Golden Lime Navigating Challenging Economic Conditions
- Golden Lime's Growth Strategy Update
- Projects with exceptional revenue and result impact
- Project Green Lime

Source : Golden Lime quarterly SET reporting



# Global Lime Market Trends in 2021

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## **(+) Strong global economic recovery**

- GDP globally expected to grow at a record +6% year on year
- US, EU strong recovery especially providing export growth opportunity to Chinese and SE Asian export oriented manufacturing segment to grow
- Global lime production , sales, and pricing are on the rise beyond long term trends

## **(-) Covid impact on Thailand**

- Thailand was much harder hit in 2021 , also economically, than in 2020, an unexpected development
- Lime market segments exposed to local market ( construction, steel ) were impacted by lockdowns

## **(-) Energy costs**

- Price of oil, natural gas, petcoke and coal , key combustibles of the global lime industry, were on an unprecedented rise throughout 2021 and the trend is still upwards today

## **(-) Maritime shipment costs**

- Container shipping in certain relations became excessively expensive, sometimes 2x up to 10x vs 2020 pricing
- Lime is a low value density material, logistics costs in overseas shipments, normally a 10-20% addition to production costs, became in some relations prohibitive 50%-100% of production cost, reshaping trading patterns in the SE-Asian region

## **Emphasis on CO2**

- Greenhouse gas emission reduction is now on top of global political agendas
- Lime production is specifically in the forefront of regulatory scrutiny in the EU
- Asian countries set also CO2 reduction targets, not yet widely translated into local regulatory actions, but it is only a question of time , long term CO2 reduction will be the major new force to reckon with



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# Golden Lime Key Value Drivers

## A Good Opportunity For Growth In Stable Diversified Markets

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### 1. Golden Lime Backed By Key Strategic Investors

- Carmeuse with 160 years of experience in the lime business globally who bring expertise and knowledge of the latest engineering and processes
- GP Group with 150 years of experience of doing business in Thailand and Asia

### 2. Demonstrated Potential Growth Over The Last 3 Years

- Greenfield investment: organic growth in a new production site with a new kiln constructed and laying the fundamentals of another one
- New product: successfully launched new higher value-added product to the market further new product in the pipeline
- Acquisition: Saraburi Quicklime and Thai Marble Corporation Ltd. were successfully acquired and integrated with further potential in M&A options monitoring

### 3. Financial Results and Ratios Are In Reasonable Adequate Position Despite Many Challenges

- Key financial indicators (EBITDA, Net Income, ROE, ROA) are on improving course
- We see this trend continuing unless there is any further unexpected macro impact

### 4. Dividend Policy Provides Regular Cashflow

- Historically Golden Lime has paid out a healthy dividend at or above its dividend policy target
- Regular dividends payout to be maintained (results dependent)

### 5. Near Term Growth Opportunity

- Promising opportunities in some selective export markets, domestic markets through new products introduction

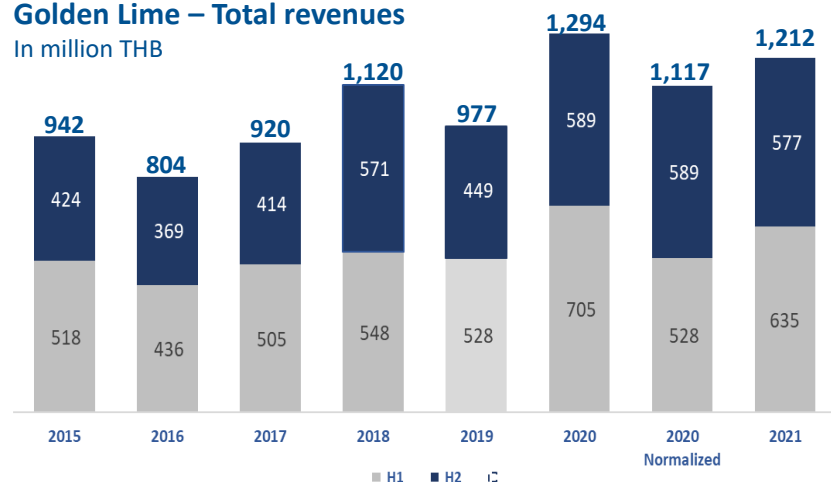


# Golden Lime 2021 FY Key Financials

Revenue, EBITDA and Net Income Consolidated Including GLE, TMC

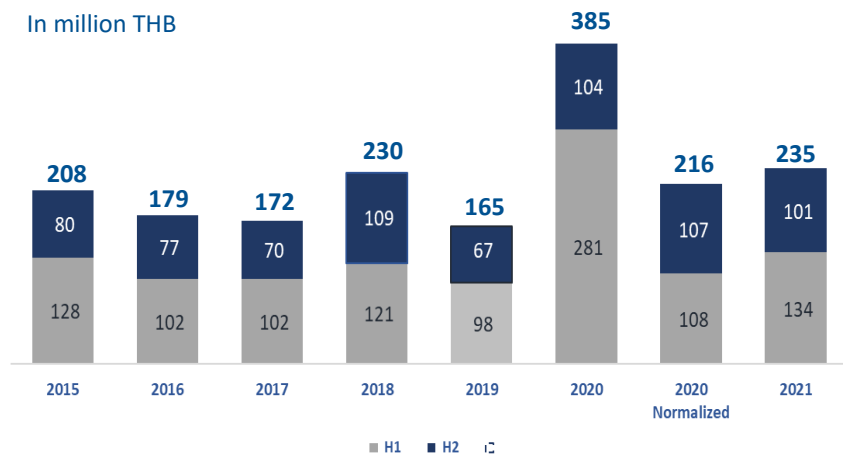
## Golden Lime – Total revenues

In million THB



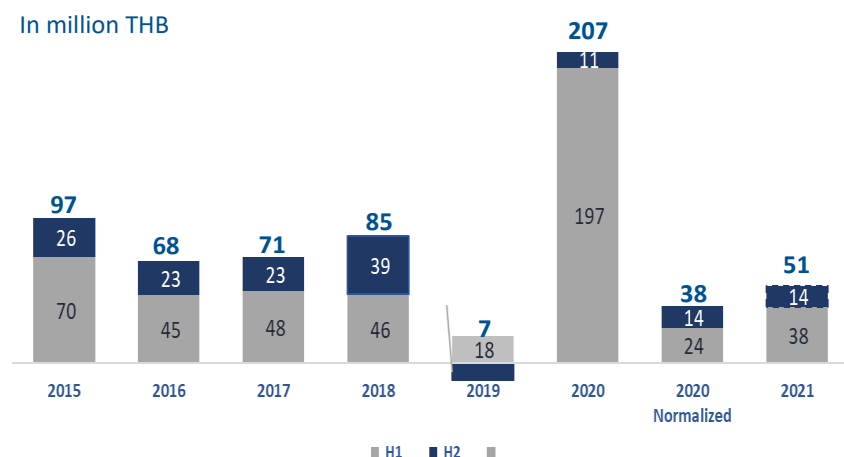
## Golden Lime – EBITDA

In million THB



## Golden Lime – Net Income

In million THB



- Total 2021 revenue increased from 2020 normalized by 8.5% yr-on-yr mainly due to Thai Marble acquisition full period realization. The Core business revenue has increased from higher value-added product. GLE engineering service revenue recognizing
- EBITDA 2021 increased from 2020 normalized by 8.8% yr-on-yr as the impact of Thai Marble acquisition was added to the results, vertical integration on limestone, network rationalization cost saving impact, and the operation of the new solar farm saving costs.
- Net income 2021 increased from 2020 yr-on-yr due to Solar Farm BOI and Thai Marble consolidation

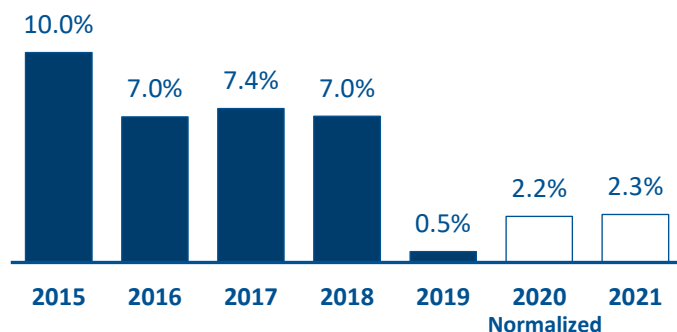


# Golden Lime 2021 FY Key Financials

## ROA And ROE Consolidated Including GLE, TMC

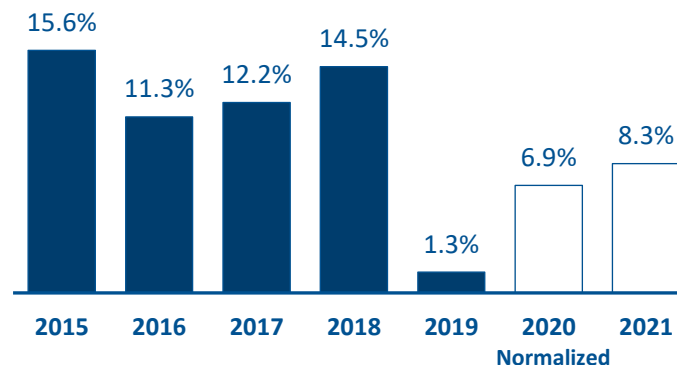
### Golden Lime – Return on Assets

In million THB



### Golden Lime – Return on Equity

In million THB



- ROA (Return on Assets) has improved due to the higher net income
- ROE (Return on Equity) has improved due to the higher net income

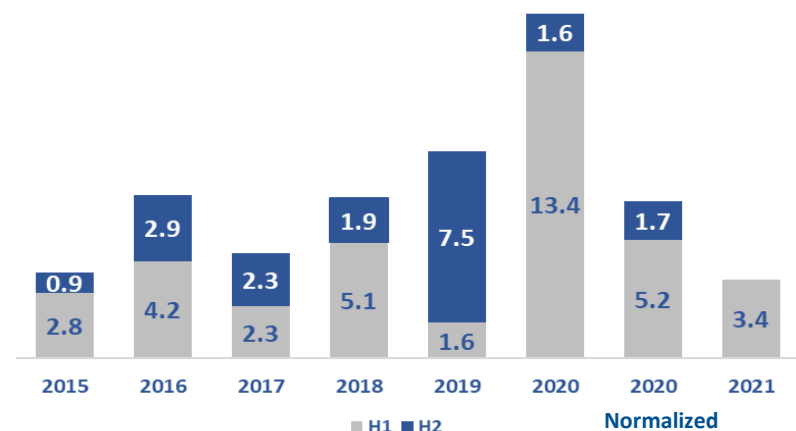




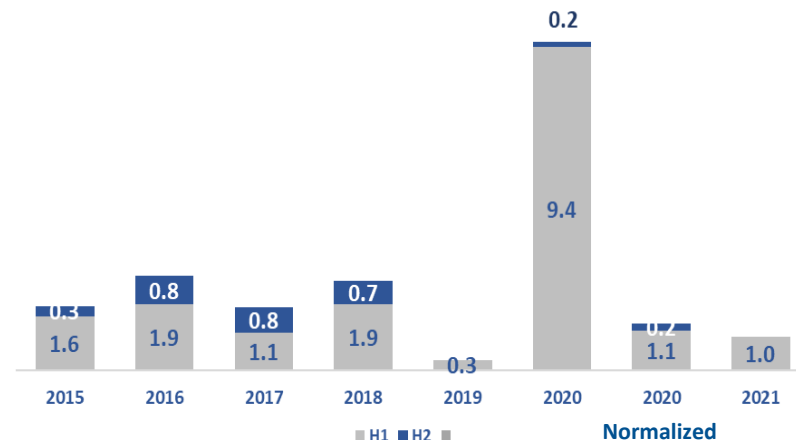
# Golden Lime 2021 Key Financials

## Dividend: A Regular Cash Stream For Investors

### Golden Lime – EBITDA/Dividend



### Golden Lime – Net Income/Dividend



### Golden Lime Dividend History

- Since going public, Golden Lime has paid a regular dividend on a bi-annual basis
- 2019 the full pay-out was 0.24THB/share or 72mTHB total.
- 2020 full dividend pay-out of 0.28THB/share or 84mTHB

### Future Plan For Dividends

- In 2021, Golden Lime has paid dividend of 0.13THB/share or 39mTHB as debt reduction was prioritized
- Golden Lime's strategy will continue to pay out regular dividends in long term as long as free disposable cash flow allows to do so without impacting growth objectives.



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# Golden Lime 2021 Result Drivers:

## Market Challenges Particularly in Steel Sugar and Export

### Thai GDP growth , hard hit by 3<sup>rd</sup> wave of Covid

- Thailand economic output reduced significantly -7% in 2020. This year 2021 was expected to demonstrate a +3% recovery but from the 3<sup>rd</sup> Covid wave since beginning of Q2, due to lockdowns, and much late reopening for tourism, the economy was seriously impacted, GDP2021 was 1.7%.

### Steel , Good result in 2021 from Higher price of Steel

- China converted from Steel Exporter to be an Importer which drive Steel price up.
- Price of Steel went up by 50% in 2021 which drives higher production for both Flat and Long product.
- Dolime successfully penetrate to Steel Mills to replace imported product.

### Chemical , strong export performance

- Beneficiary of the +15% industrial export year on year in 2021 vs 2020 from Thailand.

### Construction

- Low construction in 2021 which impact on Marble Sales, Ready Mix Stone and also Lime In AAC.

### Sugar , a historically weak season

- Sugar cane harvest in 2020/2021 season only 67 mio ton which impact Sales in Sugar Industry.
- 2021/2022 Sugar Season start about 2 weeks delay also impact volume in Q4
- Anyway, for 2021/2022 , total Sugar will be 85 mio ton of Crane will improve the volume

### Other that impact 2021 results

- High Energy cost from Coal price (-)
- Container Shortages (-)
- High Maintenance cost from 2020 (-)
- Solar Farm (+)
- Production Network Rationalization (+)



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# Golden Lime's Growth Strategy

## Three Key Drivers Of Golden Lime's Mid-term Growth

### Development of New Products and Markets

- Dolime in Steel industry : wider customer base targeted not only local but also export markets, now can cover for 70-80% market share to replace imported Sinter Ball.
- Dolime in Agriculture : we can develop new market in Coffee Plantation, and new market in local Thailand and Exploring more opportunity in Palm oil plantation.
- Construction Market : GL positions to improve by new product introduction but due to low construction market in 2021, new product will be launched in Mid of 2022.

### Increase exports in SE-Asia

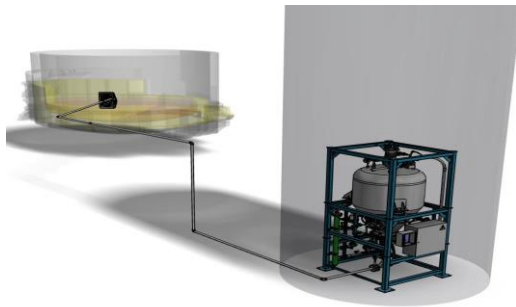
- Maritime freight cost increased significantly due to container shortage but we still can manage to export due to excellent value proposition ( example dolime to SG )
- For AU market, we successfully exported by converting from Container load to Bulk load in Q2 and still continuing.
- On the downside, after successful export to Taiwan in 2020, further market expansion was impacted by the freight expenses in 2021
- Neighboring countries export ( Laos, Cambodia ) contributed good performance as not impacted by maritime freight.
- Indonesia market , successful trial for Pulp and Paper Industry in Sumatra Indonesia so keep going in 2022



# Golden Lime's Growth Strategy

Promote innovation in downstream “smart” application of lime in the Steel and Chemical Industries

- Lime Injection in EAF ( Electric Arc Furnace) to reduce consumption of lime , electrical energy, electrode in the steel melting process / same time enabling GL to deliver higher added value product with improved margin realization. Expect to engage in long term relation with customers in 2022.
- A clear win/win value proposition to the TH steel industry



- Milk Of Lime ( MOL ) : Introduce innovative Mobile Slaker Unit from STT ( a Carmeuse subsidiary in Canada ) via GL to the Chemical industry / Compact design fit into small area and accurate control of MOL delivery / expect to complete one project in 2022
- A clear win/win proposition to all customers with in house MOL preparation



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# Projects with exceptional revenue and result impact

Non-core asset sales – utilization of non productive assets in debt reduction



Navanakorn 3 Rai sold 26mTHB

สภาพถนนพหลโยธิน (ทล.1) เป็นถนนทางผ่านหน้า และสภาพด้านหน้าทรัพย์สิน (จุดถ่ายภาพที่ 1)

ขายที่ดินพร้อมโรงงาน เนื้อที่ 29-1-42 ไร่  
มีใบอนุญาตประกอบกิจการโรงงาน  
61 หมู่ 1 ต.พหลโยธิน ต.หน้าพระลาน อ.เฉลิมพระเกียรติ จ.สระบุรี

ติดต่อ บมจ. สุราษฎร์ธานี  
คุณชนัน โทร. 092-264-2010  
คุณอิศรัตน์ โทร. 086-508-90000

LAT:14.696663 LONG : 100.865171

Nhapralan 29-1-12 Rai Sales Prices Target 90 mTHB

ขายที่ดิน รวม 56-2 ไร่  
ค.บ.ได้ อ.หัวหิน ประจวบคีรีขันธ์  
ราคารวม 37 ล้านบาท  
ที่สวยดีถูกเขาถนนคอนกรีตเข้าที่ดิน

ติดต่อ บมจ. สุราษฎร์ธานี  
คุณชนัน โทร. 092-264-2010  
คุณอิศรัตน์ โทร. 086-508-90000

HuaHin 56-2-12 Rai – Nor.Sor.Sam 3 Certificate Sales 37 mTHB

**HUAI PA WAI LAND**

3	LONG: 14.6507551826665, LAT : 100.7961069094	Sale Price 600,000 THB/Rai
2	LONG: 14.6499023132058, LAT : 100.7935121099	Sale Price 600,000 THB/Rai
1	LONG: 14.6468941172154, LAT : 100.7918880134	Sale Price 850,000 THB

Huay Pa Wai Estimate 11 Rai Target 0.6 mTHB/Rai = 7mTHB





# Projects with exceptional revenue and result impact

Beside one operational , two additional Solar Farm Projects



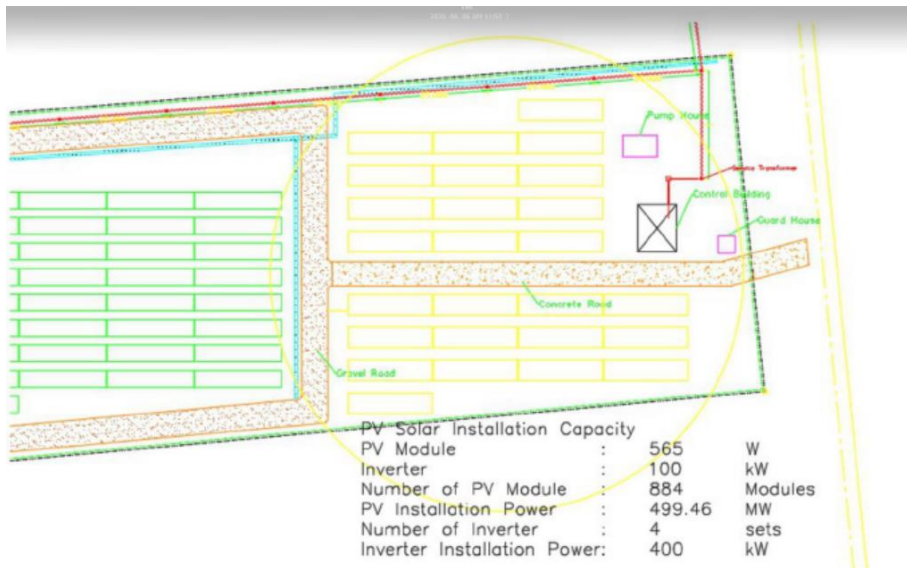
In 2020, we started Solar Farm 2.0MW at Chongsarikha Plant which provides approx 9mTHB cost and 6mTHB tax saving per year.

In 2021 we add another 0.5MW project (extension), COD will be by Q1 2022.

In 2022 we plan yet another project with 1.0MW MW Solar Farm in Phraputthabaht Plant go live in 2023

The two new solar farms combined will provide approx. 7mTHB saving on electricity and 3mTHB tax per year in the future

Beside the above economic benefit, the green credentials of GL improve further, with same time reduction of the greenhouse gas emission and carbon footprint.



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# Project Green Lime

The long term objective of all major economies is to become CO2 neutral in the next 30-50 years.

CO2 is not priced yet in Thailand, but will certainly be in the near future.

Benchmark CO2 price in the EU is 30-50 EUR/ton lime equivalent of 1200-2000 THB/ton lime that doubles the production cost – only way out is CO2 neutrality.

GL is embracing already today the technologies that are future proof :

1. Solar electricity / realized
2. Biofuel / under development
3. Electric trucks / under development
4. Carbon capture / under research & technology development



Solar electricity



Biofuel

## Zero CO2

Electric truck



Carbon capture







# Questions?

Golden Lime Public Company Limited