



CHEMEMAN PUBLIC COMPANY LIMITED

บริษัท เคมีแมน จำกัด (มหาชน)

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Date: 14 May 2018

Subject: Reporting on the Company's Financial Performance for three-month period ended 31 March 2018

To: President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis for the three-month period ended 31 March 2018

Chememan Public Company Limited ("the Company") would like to report the financial performance of the Company and its subsidiaries for the three-month period ended 31 March 2018 (the first quarter of 2018) which has been reviewed by the Certified Public Accountant. Net profit attributable to equity holders of the Company was Baht 37.31 million changed decreasingly from the same quarter of period year (the first quarter of 2017) by Baht 17 million or 31.30% and changed increasingly from the fourth quarter of 2017 at Baht 18.63 million or 99.73%. The detail of Management Discussion and Analysis comparing both the first quarter of 2017 (YoY) and the fourth quarter of 2017 (QoQ) has been attached herewith.

Please kindly be informed accordingly.

Yours faithfully,

(Mr. Adisak Lowjun)

Chief Executive Officer





Chememan Public Co.,Ltd.

Management Discussion and Analysis

For the Three month Periods Ended March 31, 2018

Significant event during Q1 Year 2018

During March 14-16, 2018, the Company made an initial public offering of Baht 240 million, additional ordinary shares at a price of Baht 3.84 per share (par value of Baht 1 each) and received the full settlement on March 19, 2018. Total paid up share capital was 960 million shares (December 31, 2017: 720 million shares). The Stock Exchange of Thailand (SET) approved the listing of the ordinary shares of the Company as securities on the Stock Exchange of Thailand (SET) to be publicly traded from 21 March 2018.

During the first quarter of the year, expanding production capacity to serve the increase in distribution volumes, the Company made an additional investment in Easternbulk Lime Products Private Limited, a joint venture in India, in amount of Baht 14.69 million. The Company still had a 50% interest in such Company. The objective of its investment is to acquire 2 Quicklime kilns (installed capacity of 109,500 tons per year) and a hydrator (installed capacity of 87,600 tons per year) for the production and distribution of limestone and product lime. The ground breaking and machines are currently under construction, the operation will be commenced within the first quarter of 2019 as planned. On 20 January 2018, the new Quicklime kiln (KK6) at Kang Koi plant was commenced commercially with installed capacity of 109,500 tons per year, the increase of production capacity efficiently resulted in economy of scale and reduce production costs per unit.

Q1/2018 Overall operating performance and comparative performance analysis

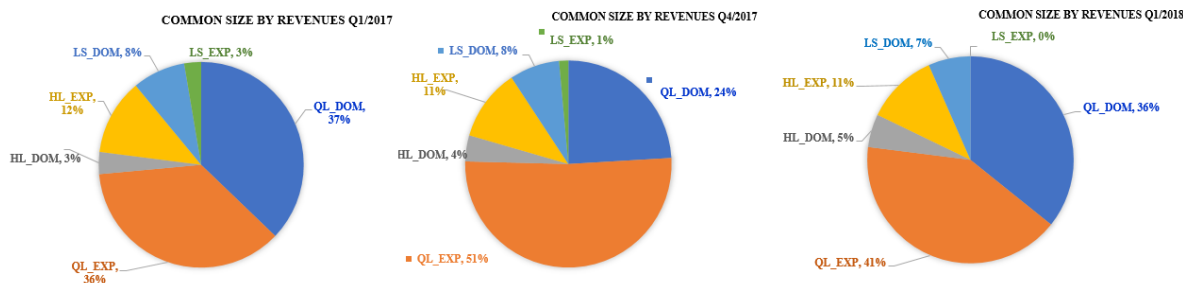
	Quarter 1	Quarter 4	Quarter 1	YoY	QoQ
(Unit : Million Baht)	2017	2017	2018	%	%
Revenue from sales	592.89	577.66	596.55	0.62	3.27
Other income	599.13	581.78	599.24	0.02	3.00
Cost of sales	363.13	365.32	395.74	8.98	8.33
Gross Margin	229.76	212.34	200.81	(12.60)	(5.43)
EBITDA	111.36	79.44	100.21	(10.01)	26.15
Selling expenses	114.93	118.55	99.94	(13.04)	(15.70)
Administrative expenses	50.95	63.30	50.33	(1.22)	(20.49)
Profit before finance cost and income tax benefits	70.12	33.90	52.49	(25.14)	54.84
Finance cost	13.35	16.72	17.93	34.31	7.24
Income tax benefits (expenses)	(2.54)	1.41	2.67	(205.12)	89.36
Profit for the period	54.23	18.58	37.24	(31.33)	100.43
Profit attributable to Equity holders of the Company	54.31	18.68	37.31	(31.30)	99.73

Sale revenues¹ : Q1/2018, the Company recorded total sale revenues of Baht 596.55 million, increasing from Q1/2017 and Q4/2017 by Baht 3.66 million and Baht 18.89 million or 0.62% and 3.27%, respectively. The sale revenues are classified by 3 main products as following

	Quarter 1 2017	Quarter 4 2017	Quarter 1 2018	YoY %	QoQ %
(Unit : Million Baht)					
<u>Quick Lime (QL)</u>					
Domestic	220.28	139.02	213.23	(3.20)	53.38
Export	215.74	296.57	246.02	14.04	(17.04)
Total Quick Lime (QL)	436.02	435.59	459.25	5.33	5.43
<u>Hydrated Lime (HL)</u>					
Domestic	20.57	23.50	30.79	49.68	31.02
Export	71.01	64.95	67.07	(5.55)	3.26
Total Hydrated Lime (HL)	91.58	88.45	97.86	6.86	10.64
<u>Lime Stone and Ground Stone (LS&LSG)</u>					
Domestic	49.49	45.26	39.44	(20.31)	(12.86)
Export	15.80	8.36	-	(100.00)	(100.00)
Total Lime Stone and Ground Stone (LS&LSG)	65.29	53.62	39.44	(39.59)	(26.45)
Total domestic	290.34	207.78	283.46	(2.37)	36.42
Total export	302.55	369.88	313.09	3.48	(15.35)
Total revenue form sales	592.89	577.66	596.55	0.62	3.27

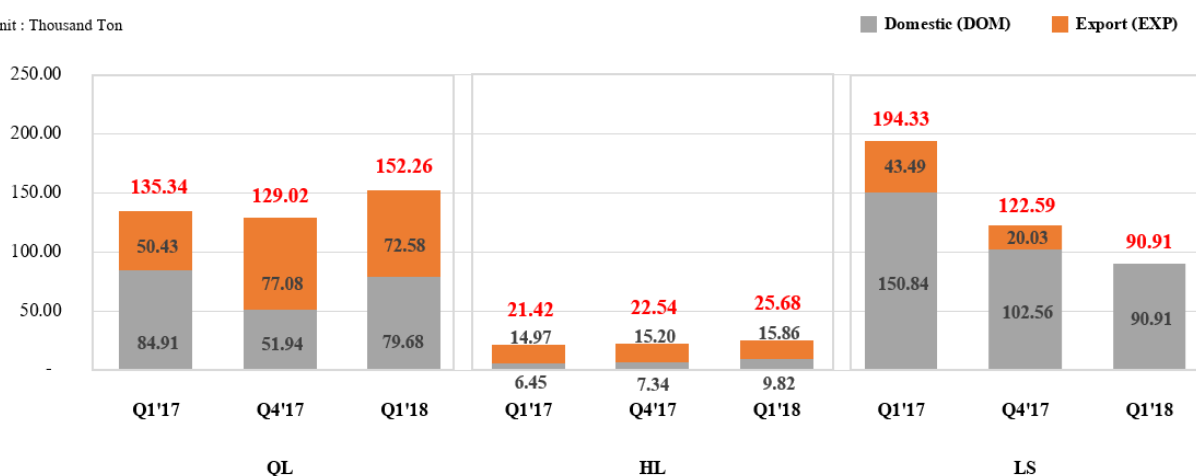
¹ Revenues includes transportation

Product	Revenue from sales (Million Baht)			Common size			Sales volume (Thousand Ton)			Common size		
	Q1/2017	Q4/2017	Q1/2018	Q1/2017	Q4/2017	Q1/2018	Q1/2017	Q4/2017	Q1/2018	Q1/2017	Q4/2017	Q1/2018
QL Domestic	220.28	139.02	213.22	37.15	24.07	35.74	84.91	51.94	79.68	24.19	18.95	29.64
QL Export	215.74	296.58	246.02	36.39	51.34	41.24	50.43	77.08	72.58	14.36	28.12	27.00
HL Domestic	20.57	23.50	30.79	3.47	4.07	5.16	6.45	7.34	9.82	1.84	2.68	3.65
HL Export	71.02	64.95	67.07	11.98	11.24	11.24	14.97	15.20	15.86	4.26	5.54	5.90
LS Domestic	49.49	45.26	39.44	8.35	7.84	6.61	150.84	102.56	90.91	42.96	37.41	33.81
LS Export	15.80	8.36	-	2.66	1.45	-	43.49	20.03	-	12.39	7.31	-
Total	592.89	577.66	596.55	100.00	100.00	100.00	351.07	274.16	268.86	100.00	100.00	100.00



Sales Volume

Unit : Thousand Ton



Sale revenues from quicklime (QL) amount of Baht 459.25 million

Compared to Q1/2017, increasing by Baht 23.23 million or 5.33%, mainly due to an increase in export sales of Baht 30.28 million or 14.04% from the long-term contracts with major customers in metal and non-metallic industries. The sale transactions were firstly started since end of March 2017. Because Thai Baht appreciated when compared to the same quarter last year, the revenue increased only 14.04% despite an increase in export volumes was about 22,000 tons or 43.93%.

Compared to Q4/2017, increasing by Baht 23.66 million or 5.43%, mainly due to an increase in domestic sales of Baht 74.21 million or 53.38% from sales to sugar industry while decrease in export sales of Baht 50.55 million or 17.04% from one of quicklime contract was ended in last December. However, The Company had new quicklime contracts with 2 new customers which will start to support on April 2018.

Sale revenues from hydrated lime (HL) amount of Baht 97.86 million

Compared to Q1/2017 and Q4/2017, increasing by Baht 6.28 million and 9.41 million or 6.86% and 10.64%, respectively, mainly due to an increase in domestic sales to bioplastic industry (*Sales volumes are 4,900 tons, 6,200 tons and 9,000 tons for Q1/2017 Q4/2017 and Q1/2018, respectively*)

Sale revenues from limestone and ground stone (LS&LSG) amount of Baht 39.44 million

Compared to Q1/2017 and Q4/2017, decreased by Baht 25.85 million and 14.18 million or 39.59% and 26.45%, respectively, mainly due to decreasing in domestic and export sale volumes. Because the demand of quicklime (QL) and hydrated lime (HL) is higher, therefore, limestone is needed progressively for manufacturing of the said products.

Cost of sales : Q1/2018, the Company recorded total cost of sales of Baht 395.74 million, increasing from Q1/2017 and Q4/2017 by Baht 32.61million and Baht 30.42 million or 8.98% and 8.33%, respectively. The cost of sales are classified by 3 main products as follows:

(Unit : Million Baht)	Quarter 1 2017	Quarter 4 2017	Quarter 1 2018	YoY %	QoQ %
<u>Quick Lime (QL)</u>					
Domestic	145.00	89.89	128.86	(11.13)	43.35
Export	133.86	196.30	177.68	32.74	(9.49)
Total Quick Lime (QL)	278.86	286.19	306.54	9.93	7.11
<u>Hydrated Lime (HL)</u>					
Domestic	12.81	14.33	19.56	52.69	36.50
Export	37.46	40.38	44.47	18.71	10.13
Total Hydrated Lime (HL)	50.27	54.71	64.03	27.37	17.04
<u>Lime Stone and Ground Stone (LS&LSG)</u>					
Domestic	29.48	22.62	25.17	(14.62)	11.27
Export	4.52	1.80	-	(100.00)	(100.00)
Total Lime Stone and Ground Stone (LS&LSG)	34.00	24.42	25.17	(25.97)	3.07
Total domestic	187.29	126.84	173.59	(7.31)	36.86
Total export	175.84	238.48	222.15	26.34	(6.85)
Total cost of sales	363.13	365.32	395.74	8.98	8.33

Cost of sales from quicklime (QL) amount of Baht 306.54 million

Compared to Q1/2017 and Q4/2017, increasing by Baht 27.68 million and 20.35 million or 9.93% and 7.11%, respectively. The result from quicklime kiln (KK6) was commenced commercially during late January, cost per ton was reduced as a consequence of economic of scale. Overall cost of sales increased from increasing in sale volumes.

Cost of sales from hydrated lime (HL) amount of Baht 64.03 million

Compared to Q1/2017 and Q4/2017, increasing by Baht 13.76 million and 9.32 million or 27.37% and 17.04%, respectively, mainly due to an increase in domestic sale volumes to bioplastic industry.

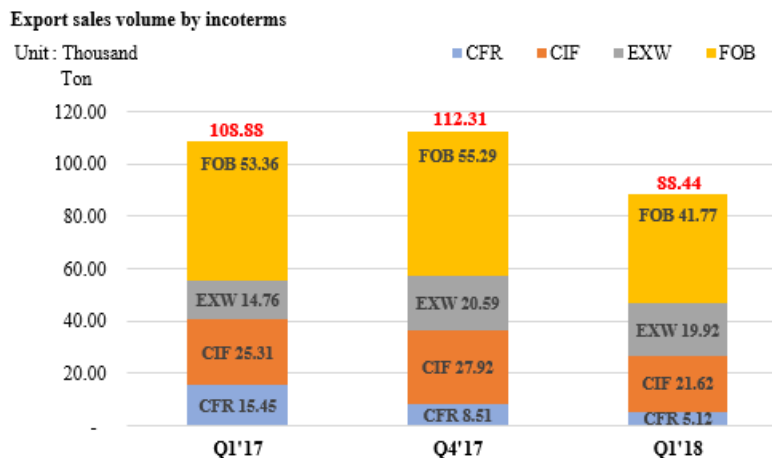
Cost of sales from limestone and ground limestone (LS&LSG) amount of Baht 25.17 million

Compared to Q1/2017, decreasing by Baht 8.83 million or 25.97%, which was in line with a decrease in LS & LSG sale revenues, as domestic and export sale volumes declined from some industries in Q1/2018. Moreover, demand of quicklime (QL) and hydrated lime (HL) is higher, limestone is needed progressively for manufacturing of the said products. Compared to Q4/2017, only increasing by Baht 0.75 million or 3.07%

Selling expenses

Selling expenses was Baht 99.94 million, decreasing by Baht 14.99 million or 13.04% compared to Q1/2017 mainly due to decreased in transportation expenses to aboard from declining of export volumes by CIF and CFR incoterm (*Q1/2017 and Q1/2018 was approximately 41,000 tons and 27,000 tons, respectively*).

Compared to Q4/2017, decreasing by Baht 18.61 million or 15.70% mainly from (1) ocean freight is in peak season during Q4/2017, the fee was higher than Q1/2018 (*Q4/2017 and Q1/2018 the expenses are Baht 31.84 million and Baht 22.73 million, respectively*) and (2) Inland transportation expenses decreased because the partial replacement of outsource service by utilizing owned truck are well managed 2018 (*Q4/2017 and Q1/2018 expenses are Baht 58.26 million and Baht 45.66 million, respectively*)



Administrative Expenses

The administrative expenses were Baht 50.33 million, decreasing from Q1/2017 and Q4/2017 by Baht 0.62 million and Baht 12.97 million or 1.22% and 20.49%, respectively, mainly due to (1) relocation of manpower cost to production cost from restructuring organization, resulting in the decreased from Q1/2017 and Q4/2017 by Baht 11.49 million and 14.78 million respectively. (2) Decrease in consulting expenses Q4/2017 by Baht 4.07 million, and (3) Increase in loss from exchange rate by Baht 11.77 million and 6.78 million from Q1/2017 and Q4/2017, respectively.

Financial cost

Financial cost were Baht 17.93 million, increasing from Q1/2017 by Baht 4.58 million or 34.31% mainly due to rising in interest expenses on long-term loan from financial institution. Moreover, long-term loan from financial institutions increased from Baht 823 million to 1,214 million because the Company loaned long-term for a short-term loan settlement and for business expansion. In comparison with Q4/2017, the financial costs decreased by Baht 1.21 million or 7.24% due to short-term loan settlement.

Tax income (expenses)

Tax income was Baht 2.67 million, increasing from Q1/2017 and Q4/2017 by Baht 5.21 million and Baht 1.26 million or 205.12% and 89.36%, respectively, mainly due to increasing in loss from non-investment promoted operations [Q1/2017, Q4/2017, and Q1/2018 the Company had the profit (loss) from non-investment promoted operations of Baht 12.32 million, (17.53) million and (20.64) million, respectively]

Financial position analysis

Assets	March 31, 2018		December 31, 2017		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and cash equivalents	634.11	16.61	45.73	1.42	588.38	1,286.64
Trade and other receivables	377.42	9.89	388.47	12.08	(11.05)	(2.84)
Accounts receivable under installment sales	49.18	1.29	52.03	1.62	(2.85)	(5.48)
Inventories	242.42	6.35	279.91	8.70	(37.49)	(13.39)
Investments in joint ventures	26.70	0.70	13.85	0.43	12.85	92.78
Property, plant and equipment	2,312.84	60.59	2,256.31	70.15	56.53	2.51
Ore reserve	106.43	2.79	107.52	3.34	(1.09)	(1.01)
Intangible assets	7.78	0.20	7.99	0.25	(0.21)	(2.63)
Deferred tax assets	32.58	0.85	27.45	0.85	5.13	18.69
Other assets	27.77	0.73	37.27	1.16	(9.50)	(25.49)
Total assets	3,817.23	100.00	3,216.53	100.00	600.70	18.68

Liabilities and shareholders' equity	March 31, 2018		December 31, 2017		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Short-term loan from financial institutions	46.06	1.21	263.87	8.20	(217.81)	(82.54)
Trade and other payables	234.76	6.15	329.89	10.26	(95.13)	(28.84)
Finance lease	76.96	2.02	83.34	2.59	(6.38)	(7.66)
Long-term loan	1,208.79	31.67	1,208.52	37.57	0.27	0.02
Deferred tax liabilities	0.63	0.02	0.67	0.02	(0.04)	(5.97)
Provision for long-term employee benefits	59.09	1.55	57.23	1.78	1.86	3.25
Other liabilities	36.60	0.96	50.31	1.56	(13.71)	(27.25)
Total liabilities	1,662.89	43.56	1,993.83	61.99	(330.94)	(16.60)
Total shareholders' equity	2,154.34	56.44	1,222.70	38.01	931.64	76.20
Total liabilities and shareholders' equity	3,817.23	100.00	3,216.53	100.00	600.70	18.68

As at 31 March 2018, **total assets** were Baht 3,817.23 million, increasing from 31 December 2017 by Baht 600.70 million or 18.68% mainly due to (1) Increase in cash and cash equivalent of Baht 588.38 million was mostly from the cash receipt from Initial Public Offering (IPO) and (2) Increase in property, plant and equipment of Baht 56.53 million was resulted from the construction of quick lime kiln (KK6) which completely commenced in late of January 2018 and the construction of crushing plant at Tubkwang plant which expected to be commenced completely during Q2/2018. **Total liabilities** were Baht 1,662.89 million, decreasing from 31 December 2017 by Baht 330.94 million or 16.60% mainly due to (1) Decrease in short-term loan from financial institutions of Baht 217.81 million due to the use of cash receipt from IPO for repayment. and (2) Decrease in trade and other payables of Baht 95.13 million from payments on schedule. **Total shareholders' equity** was Baht 2,154.34 million, increasing from 31 December 2017 by Baht 931.64 million or 76.20% resulted from share premium of incremental share capital in March 2018.

Analysis of Cash Flows

For Three-month Periods Ended March 31	2018	2017	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Net cash from operating activities	25.12	48.58	(23.46)	(48.29)
Net cash used in investing activities	(107.12)	(30.57)	(76.55)	250.41
Net cash used in financing activities	672.76	(20.29)	693.05	(3,415.72)
Effect of exchange rate changes on balances held in foreign currencies	(2.38)	(0.48)	(1.90)	395.83
Net increase (decrease) in cash and cash equivalents	588.38	(2.76)	591.14	(21,418.12)
Cash and cash equivalents at beginning of period	45.73	43.11	2.62	6.08
Cash and cash equivalents at end of period	634.11	40.35	593.76	1,471.52

For three-month period ended on 31 March 2018, the Company had cash and cash equivalent of Baht 634.11 million, increasing from the same period of last year by Baht 593.76 million. The main reasons were the net cash flow from financing activities of Baht 672.76 million resulted from net cash receipt from incremental share capital of Baht 897.34 Baht, the partial fund was used for a short-term loan repayment. In addition, net cash flow used in investing activities for domestic and oversea business expansions of Baht 108 million, including investing in property, plant and equipment, and construction in process of Baht 93.07 million, increase in share capital of joint venture in India of Baht 14.69 million. Subsequently, the Company made a long-term loan repayment of Baht 530.28 million on 2 April 2018.

Significant Financial Ratios

Ratio		Quarter 1 2017	Quarter 4 2017	Quarter 1 2018
Liquidity				
Current Ratio	Times	0.69	1.02	3.02
Quick Ratio	Times	0.40	0.06	2.37
Receivable Turnover	Times	8.03	7.47	7.33
Receivable Conversion Period	Day	44.81	48.19	49.13
Inventory Turnover	Times	7.51	7.15	7.98
Inventory Conversion Period	Day	47.93	50.35	45.13
Payable Turnover	Times	6.81	6.99	9.35
Payable Conversion Period	Day	52.89	51.50	38.51
Cash Cycle	Day	39.86	47.04	55.75
Profitability Ratio				
Gross Profit Margin	%	38.75	36.76	33.66
Operating Profit Margin	%	10.77	5.28	8.47
Net Profit Margin	%	9.05	3.19	5.82
Efficiency Ratio				
Return on Assets	%	7.78	2.48	3.97
Return on Fix Assets	%	19.55	11.48	13.53
Return on Equity	%	19.77	6.48	8.27
Financial Ratio				
Debt to Equity Ratio	Times	1.49	1.63	0.77
Interest-Bearing Debt to Equity Ratio	Times	1.13	1.27	0.62
Time Interest Earning Ratio	Times	4.66	2.56	2.32