



KBS.BKK 026/2018

February 25, 2019

Subject : Management Discussion and Analysis (MD&A) for Year 2018

To : President, The Stock Exchange of Thailand

Khonburi Sugar Public Company Limited and subsidiaries ("The Company") would like to provide the explanation on the operating result for Year 2018. For the year ended 31 December 2018, the Company had consolidated net profit amounting to THB 294 million which increased net profit by THB 671 million or 178.05% compared with for previous year. The Company had Earning before Finance Costs, Taxes, Depreciation and Amortization (EBITDA) of THB 1,077 million which increased by THB 618 million from previous year. The change in operating result were as following main factors below:

1.) The Company had increased in gross margin from sales and service revenue by THB 883 million, or 785.01% as compared with the previous year because of the following factors:

- Sales sugar revenue decreased by 4.11% that increased in sale sugar volume by 28.04%. However, the average sugar selling price dropped by 25.11% in line with reduction of global sugar price. In addition, there was the cancellation of quota system from government. Then, these caused lead to the domestic sugar prices decreased compared with previous year.
- Sales molasses revenue increased by 23.29% that increased in sales molasses volume by 44.25% whereas the average molasses selling price decreased by 14.53%
- Although the average sugar and molasses selling price were lower but the total volume of cane crushed for the production in Crop year 2017/2018 increased from Crop year 2016/2017 by 1.54 million ton cane or increased by 63.09%. Then, it's lead to increase in our sale volume of sugar and molasses. In addition, the quantity of own fuel bagasse for support power plant operation also increased from previous year. Then, the sugar cost per unit in overall decreased compared with previous year. In addition, the average cost of

**บริษัท น้ำตาลนครบุรี จำกัด (มหาชน)**

สำนักงานใหญ่ : 5 ซอยสุขุมวิท 57 แขวงคลองตันเหนือ เขตวัฒนา กรุงเทพมหานคร 10110 โทรศัพท์ (662) 725 4888 โทรสาร (662) 725 4877 ทะเบียนเลขที่ 0107553000191  
โรงงาน : 289 หมู่ที่ 13 ตำบลจระเข้หิน อำเภอนครบุรี จังหวัดนครราชสีมา 30250 โทรศัพท์ (6644) 448 338 โทรสาร (6644) 448 500

**Khonburi Sugar Public Company Limited**

Head office : 5 Soi Sukhumvit 57 Klongton-Nue Wattana Bangkok 10110 Tel (662) 725 4888 Fax (662) 725 4877 Registration No.0107553000191  
Factory : 289 Moo 13 Jarakhe-Hin Khonburi Nakhonratchasima 30250 Tel (6644) 448 338 Fax (6644) 448 500





sugarcane transportation decreased from the previous year by 81.75 Baht per ton cane or decreased by 44.94%

- The estimation of final sugarcane price in Crop year 2017/2018 will be THB 790.37 per ton of sugar cane at a sweetness of 10 C.C.S., that increased from Crop year 2016/2017 by 289 baht per ton cane or 26.80%. This lead to the lower cost of raw material.

- A subsidiary had increased in electricity sales to government by 15.93%, due to increase in the number of units sold as compared with from previous year.

2.) The Company had the other revenue from compensation for the production and distribution of sugar of THB 164 million. The Company expects that the final sugar cane price and final compensation for the production and distribution of sugar will be less than the initial sugar cane price and the initial compensation for the production and distribution of sugar. In accordance with Section 56 of the Cane and Sugar Act B.E. 2527, the Cane and Sugar Fund is to pay such compensation to the Company at the amount equal to the difference, and the sugar cane planters do not have to return the excess amount of the sugar cane price received.

3.) In year 2018, the Company had gain on derivatives by THB 18 million as compared with the previous year. In addition, in year 2018 the Company had also gain on exchange rate by THB 29 million as compared to the previous year.

4.) The selling expenses increased by 60.44% in line with increase in sugar sale volume. In addition, the selling expense was included the expenses as we have to pay The Office of The Cane and Sugar Fund ("OCSF") whereas in previous year, this transaction was presented netting in sales revenue. This is the changing policy of collection from the sugar fund. The administrative expenses increased by 31.25% mainly due to increase in personnel expenses and other expenses.





5.) Income tax expenses decreased by THB 41 million from our utilization in deferred tax transactions.

Please be informed accordingly,

Sincerely Yours,

A handwritten signature in blue ink, appearing to read 'R. Tanglamlert'.

(Mr. Rakkiti Tanglamlert)

Chief Financial Officer