



No. AC 070/2018

KHON KAEN SUGAR INDUSTRY PUBLIC CO., LTD  
503 K.S.L. TOWER, 9th FLOOR, SRIAYUDHYA ROAD,  
RAJATHEVI, BANGKOK 10400

14 June 2018

SUBJECT        EXPLANATION FOR THE CHANGE IN PERFORMANCE OVER 20 PERCENT FOR 2<sup>nd</sup> QUARTER 2018,  
                      COMPARED TO THE PREVIOUS YEAR

ATTENTION     PRESIDENT, THE STOCK EXCHANGE OF THAILAND

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries ("KSL") would like to report our financial performance of 2<sup>nd</sup> quarter 2018 (February 2018 - April 2018). The Company recorded total revenue of THB 3,586 million, compared to THB 4,638 million last year, representing a decrease of 23%. The details were as followings;

**Revenue decrease due to World sugar price volatility**

At the beginning of 2017, world sugar price has climbed up to 20 cent/lb then dropped sharply to 13 - 14 cent/lb at the beginning of 2018 due to global sugar supply is surplus in 2018 with the additional of domestic price decrease from the new sugar regime that domestic price will float along with global price. As a result, the Company recorded average sugar price decrease from 19,735 THB/ton to 13,540 THB/ton or decreased by 31% and the Company recorded sales volume decrease from 177,461 tons to 160,774 tons or decreased by 9%.

However the 2<sup>nd</sup> quarter 2018 which is normally the end of harvesting season, the Company has crushed cane increase significantly from 6.83 million tons in 2017 to 11.03 million tons or 61% more. As a result, high utilization rate and efficiency improve in period caused lowering in overall production cost. Consequently, the gross profit margin increased from 26% to 37% in 2<sup>nd</sup> quarter 2018.

**Other incomes**

A decrease in other income due to in 2<sup>nd</sup> quarter 2017, the Company received the cash from the return of stabilization function payment, which the company filed to Administrative Court. The Company recorded the revenue of THB 86 million while 2<sup>nd</sup> quarter 2018, the Company does not have this other income.



For overall 2<sup>nd</sup> quarter 2018 performance, the Company recorded total revenue of THB 3,586 million, compared to THB 4,638 million last year, representing a decrease of 23% and net profit of THB 688 million compared to the net profit same period last year at THB 640 million, representing an increase of 8%. The Company's total assets were recorded at THB 52,961 million, with total liabilities of THB 34,390 million and total shareholders' equity of THB 18,571 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.85 and 1.59, respectively.

Yours faithfully,

Mr. Chamroon Chinthammit  
Chief Executive Officer and President  
Khon Kaen Sugar Industry Public Company Limited