

IRCC 5/2561

23 February 2018

Subject Y-2017 Operating results

To President

The Stock Exchange of Thailand

Kaset Thai International Sugar Corporation Public Company Limited (the Company) would like to report on the Company and its subsidiaries' performance for the year 2017, ended 31 December 2017, which had a net profit of Baht 645.5 million in 2017 or increased 225.9%, compared with a net loss of Baht 512.5 million in 2016, as a result of following factors:

1. Sales and services revenues increased Baht 2,519.0 million or 16.8% from 2016, due to the higher amount and the higher quality of the Company's sugarcane for the 2016/2017 crushing season, thus the higher amount of sugar and also the higher by-products from sugarcane production process as raw materials for the by-products businesses. Details are as follows:
 - Revenue from sugar business increased 19.0%, as a result of higher international sugar sales volume, together with higher average sugar selling price.
 - Revenue from bleached bagasse pulp business increased 40.7%, as a result of increases in pulp sales volume, despite a decrease in average bagasse pulp selling price.
 - Revenue from ethanol business slightly increased 1.2%, as a result of higher average ethanol selling price, despite lower ethanol sales volume.
 - Revenue from electricity business decreased 16.6% due to power plants' major shutdown maintenance during the third quarter and the beginning of the fourth quarter of 2017.
 - Other sales and services revenues increased 23.4%, as a result of higher revenue from agricultural machinery services, sales of fertilizer, soil conditioner, pesticide and others.

2. Gain on sugar futures contracts in 2017 was Baht 328.0 million, compared to loss on sugar futures contracts in 2016 of Baht 9.6 million.
3. Cost of sales and services increased Baht 2,102.2 million or 17.3%, compared with 2016, in line with higher sales and services revenues.
4. Selling and administrative expenses increased Baht 70.3 million or 2.4%, compared with 2016, due to higher expenses related to human resources, sugar warehouse and transportation. Provision for doubtful debt and bad debts also increased.
5. Financial costs in 2017 increased Baht 16.0 million or 5.0%.
6. Income tax benefits in 2017 decreased Baht 122.6 million or 98.6%, as a result of less corporate income tax privileges resulting from expirations of the Board of Investment (BOI) Certificates for ethanol and bleached bagasse pulp businesses in the year 2017.
7. Loss on foreign exchange rate in 2017 was at Baht 32.9 million, compared with loss on foreign exchange rate in 2016 of Baht 117.6 million.

Please be informed accordingly.

Sincerely yours,

(Mr.Nathapun Siriviriyakul)

Deputy Chief Executive Officer – KTIS Group

Authorized person to sign on behalf of the company