



No. ACC 01/2018

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

16 March 2018

SUBJECT        EXPLANATION FOR THE INCREASE IN NET PROFIT OF OVER 20 PERCENT FOR 1st 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 1<sup>st</sup> quarter 2018 (November 2017 – January 2018). The Company recorded a net profit of THB 141 million, compared to the net profit of THB 453 million last year, representing a decrease of 69%. The details were, as followings;

**Recognized revenue from sugar carry-over with high cost**

In 2016, drought in Thailand caused the Company less cane production in 2017. The Company has crushed cane in 2017, 6.83 million tons compare to 7.61 million tons in 2016 or 10% less. As a result, Thailand sugar business had higher cane cost and higher sugar production cost per unit and the Company recognized revenue from that sugar with high cost of sales in 1<sup>st</sup> quarter 2018.

As a result, the gross profit margin dropped in the consolidate income statement from 33% to 24% in 1<sup>st</sup> quarter 2018.

**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 funds speculation and global sugar supply forecasted to be surplus in 2018. As a result, the Company recorded average export price increase from 16,557 THB/ton to 14,792 THB/ton or decreased by 11%. However the Company recorded sales volume increase from 53,830 tons to 101,392 tons or increased by 88%

Other incomes

A decrease in other income due to in 1<sup>st</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 156 million while 1<sup>st</sup> quarter 2018, the Company does not have this other income.

For overall 1<sup>st</sup> quarter 2018 performance, the Company recorded a net profit of THB 141 million, compared to the net profit same period last year at THB 453 million, representing a decrease of 69%. The Company's total assets were recorded at THB 46,509 million, with total liabilities of THB 28,393 million and total shareholders' equity of THB 18,116 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.57 and 1.23, respectively.

Yours faithfully,

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