



No. AC 125/2561

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

13 September 2018

SUBJECT EXPLANATION FOR THE CHANGE IN PERFORMANCE OVER 20 PERCENT FOR 3<sup>rd</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 3<sup>rd</sup> quarter 2018 (May 2018 – July 2018). The Company recorded total revenue of THB 5,293 million compare to THB 4,191 million last year, representing a decrease of 26% and recorded net loss of THB 95 million compare to net profit of THB 58 million at the same period last year, representing a decrease of 263%. 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 10 – 12 cent/lb now, 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 16,525 THB/ton to 12,151 THB/ton or decreased by 27%. Although the Company recorded sales volume increase from 196,221 tons to 355,988 tons or increased by 81%.

**Other incomes**

A reason of decrease in other income in 3<sup>rd</sup> quarter 2018 compared to the same period previous year mainly due to gain from foreign exchange since Thai baht depreciated against US dollar.

Selling expenses

An increase of selling expenses compares to the same period last year due to increase in sales volume that mentioned above. Besides the Company incurred transportation cost from undelivered sugar which will be shipped and recorded in 4<sup>th</sup> quarter 2018

Financial Cost

In 2017/18 harvesting season, the Company has crushed sugarcane 11.03 million tons compare to 6.83 million tons last year or increased by 61%. Therefore the Company used more working capital to finance inventory that increased financial cost compare to the same period last year.

For overall 3<sup>rd</sup> quarter 2018 performance, the Company recorded total revenue of THB 5,293 million, compared to THB 4,191 million last year, representing a decrease of 26% and net loss of THB 95 million compared to the net profit same period last year at THB 58 million, representing an decrease of 263%. The Company's total assets were recorded at THB 49,796 million, with total liabilities of THB 31,247 million and total shareholders' equity of THB 18,549 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.68 and 1.49, respectively.

Yours faithfully,

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