



KBS.BKK 052/2021

February 22, 2021

Subject : Management Discussion and Analysis (MD&A) for Year 2020

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 2020. For the year ended 31 December 2020, the Company had consolidated net loss amounting to THB 634.7 million which decreased net loss by THB 814.4 million or 453.1% compared with previous year. The Company had Earning before Finance Costs, Taxes, Depreciation and Amortization (EBITDA) of THB 205.4 million which was decreased by THB 772.5 million or 79.0% from previous year. The change in operating result were as following main factors below:

- The Company had the cane crushed in total 1.7 million ton cane for Crop year 2019/20 which decreased by 1.6 million ton cane or decreased by 48.3% from Crop year 2018/19 due to drought weather. Then, the total cane volume in Thailand was 74.9 million ton cane which decreased by 42.8%. Then, it's lead to decrease in our sale volume of sugar and molasses. In addition, the quantity of own fuel bagasse for supporting power plant operation also decreased from previous year. The average cost of sugarcane transportation also increased by 88.9 Baht per ton cane or increased by 130.8%.
- The final sugar cane price in Crop year 2019/2020 was THB 839.7 per ton cane at a sweetness of 10 C.C.S. that increased by 152.4 Baht per ton cane or 22.2% from Crop year 2018/2019. Then, the average cost of raw material was higher from previous year.
- Sales sugar revenue decreased by THB 1,372.6 million or 31.3% due to decrease in sale sugar volume by 38.4%. However, sugar average selling price increased by 11.6%.

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- Sales molasses revenue decreased by THB 561.5 million or 50.9% compared with previous year mainly due to decrease in sales molasses volume by 61.9%. However, the molasses average selling price increased by 29.1%.
- Sales of agricultural products, gasoline and agriculture service increased by THB 6.0 million or 1.8% when compared with previous year. This was mainly due to have more cane promotion for Crop year 2020/21.
- A subsidiary had decreased in electricity sales to government by THB 32.0 million or 4.4% because the average electricity selling price also decreased by 7.7%, compared with previous year.
- A subsidiary had decreased in cost of electricity production by THB 61.8 million or 6.3%, because subsidiary utilize more other fuel instead using bagasse. Other fuel had more heat rate compared with bagasse. Then, there was reduction in overall cost of fuel in this compared with previous year.
- In year 2020, the Company had loss on derivatives that increased by THB 34.0 million or 241.9%. However, The Company had gain on exchange rate that decreased by THB 39.7 million or 62.7%, compared with previous year.
- The selling expenses decreased by THB 174.0 million or 42.1% in line with reduction in sugar sale volume. The administrative expenses decreased by THB 44.8 million or 15.6% mainly due to decrease in personnel expenses. Bad debt allowance also expenses decreased by THB 4.7 million, compared with previous year.
- Finance expenses increased by THB 42.5 million or 25.0%, compared with previous year. In during Quarter 3/2020 a subsidiary and Khonburi Sugar Power Plant Infrastructure Fund ("KBSPIF") have signed the Revenue Transfer Agreement relating to a subsidiary that will



transfer 62 percent of the right of revenue from the electricity business operations for a period 20 years to KBSPIF" from sales of electricity for 22 megawatts with Electricity Generating Authority of Thailand ("EGAT") only in respect of such revenues not affected by USD currency fluctuations and those not affected by average coal price and sales of electricity for 3.5 megawatts with Khonburi Sugar Public Company Limited. As a result, the subsidiary company recognized financial costs increased by Baht 95.0 million in this year.

- Income tax revenue increased by THB 33.2 million compared with previous year. The Company has recognized deferred income tax in during the period.

Please be informed accordingly,

Sincerely Yours,

(Mr. Rakkiti Tanglamlert)

Chief Financial Officer