



KBS.BKK 127/2020

May 11, 2020

Subject : Management Discussion and Analysis (MD&A) for Quarter 1/2020

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 Quarter 1/2020 ending 31 March 2020, the Company had consolidated net profit amounting to THB 48.0 million which decreased net profit by THB 223.3 million or 82.3% compared with the same period of previous year. The Company had Earning before Finance Costs, Taxes, Depreciation and Amortization (EBITDA) of THB 232.7 million which was decreased by THB 276.1 million or 54.3% compared with the same period of previous year. The change in operating result were as following main factors below:

1.) Total gross profit from sales and service revenue decreased by THB 311.0 million or 61.1%, compared with the same period of previous year. Sales and services revenue and gross profit by segment of Company were presented below:

Unit : Million Baht

	For the three-month period ended 31 March 2020			For the three-month periods ended 31 March 2019		
	Sugar cane and services segment	Molasses and sugar trading segment	Utilities segment	Sugar cane and services segment	Molasses and sugar trading segment	Utilities segment
Sales and services revenue	1,103.8	181.8	374.9	1,150.7	319.4	504.6
Cost of sales and services	963.7	165.5	324.4	876.6	262.9	318.1
Gross profit (loss)	140.1	16.3	50.5	274.1	56.5	186.5
% Gross profit (loss)	12.7%	9.0%	13.5%	23.8%	17.7%	36.8%

Note : The numbers on above table have not yet been eliminated inter-companies transactions.

บริษัท น้ำตาลนครบุรี จำกัด (มหาชน)

สำนักงานใหญ่ : 5 ซอยสุขุมวิท 57 แขวงคลองตันเหนือ เขตวัฒนา กรุงเทพมหานคร 10110 โทรศัพท์ (662) 725 4888 โทรสาร (622) 725 4877 ทะเบียนเลขที่ 0107553000191
โรงงาน : 289 หมู่ที่ 13 ตำบลจระเข้หิน อำเภอนครบุรี จังหวัดนครราชสีมา 30250 โทรศัพท์ (6644) 448 338 โทรสาร (6644) 448 500

Khonburi Sugar Public Company Limited

Head office : 5 Soi Sukhumvit 57 Klongton-Nue Wattana Bangkok 10110 Tel (662) 725 4888 Fax (662) 725 4877 Registration No.0107553000191
Factory : 289 Moo 13 Jarakhe-Hin Khonburi Nakhonratchasima 30250 Tel (6644) 448 338 Fax (6644) 448 500

5



1.1) Gross profit from sugar cane and services segment decreased by THB 134.0 million or 48.9%, compared with the same period of previous year because of the following factors below:

- Sales sugar revenue increased by THB 28.1 million or 3.8% due to increase in average selling price by 9.1%. However, sugar sales volume decreased by 4.9%.
- Sales molasses revenue decreased by THB 13.1 million or 6.0% compared with the same period of previous year mainly due to decrease in sales molasses volume by 33.3%. However, the average molasses selling price increased by 40.8%.
- Sales of agricultural products, gasoline and agriculture service decreased by THB 61.9 million or 30.4% because of reduction in sugar cane volume production.
- The Company had the cane crushed in total 1.7 million ton cane for Crop year 2019/20 which was decreased by 1.6 million ton cane or decreased by 48.3% due to drought weather. Then, the total cane volume in Thailand was 74.8 million ton cane which decreased by 42.4%. Then, it's lead to decrease in our sale volume of sugar. 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 49.0 Baht per ton cane or increased by 72.1%.
- The estimated final sugar cane price in Crop year 2019/2020 was THB 833.0 per ton cane at a sweetness of 10 C.C.S. that increased by 117.8 Baht per ton cane or 16.5% from Crop year 2018/2019. Then, the average cost of fuel in power plant unit was higher from previous year.

1.2) Gross profit from molasses and sugar trading segment decreased by THB 40.2 million or 71.2%, compared with the same period of previous year because of the following factors.

- A subsidiary had decreased in sales molasses revenue by THB 136.6 million or 46.9% due to decrease in sales volume of molasses.
- A subsidiary had decreased in cost of sale molasses by THB 96.5 million or 41.1%.



- 1.3) Gross profit from Utilities segment decreased by THB 136.0 million or 72.9%, compared with the same period of previous year because of the following factors:
- A subsidiary had decreased in electricity sales to government by THB 31.2 million or 15.4%, due to decrease in the number of units sold electricity and selling price.
 - A subsidiary had increased in cost of sales by THB 6.3 million or 2.0%, due to increase on cost of bagasse price per unit.
- 2.) In Quarter 1/2020, the Company had loss on derivatives that increased by THB 7.0 million or 66.2%. However, The Company had gain on exchange rate that decreased by THB 8.5 million or 48.8%, compared with the same period of previous year.
- 3.) The selling expenses decreased by THB 18.4 million or 18.4% in line with reduction in sugar sale volume. The administrative expenses decreased by THB 17.7 million or 22.8%.
- 4.) Bad debt allowance expenses decreased by THB 13.1 million, due to reverse transaction for bad debt allowance. Finance expenses decreased by THB 7.6 million or 17.9%, compared with the same period of previous year.
- 5.) Income tax revenue increased by THB 54.4 million compared with the same period of 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