



บริษัท น้ำตาลขอนแก่น จำกัด (มหาชน)
坤敬糖廠有限公司 (大眾)
KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED

No. AC 032/2020

12 June 2020

SUBJECT MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL PERFORMANCE
FOR THE 2nd QUARTER 2020

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 for the 2nd quarter of the fiscal year 2020 (from February 1, 2020 to April 20, 2020). The company had net loss attributed to owners of the parent in the amount of THB 587 million compared to profit of THB 416 million for the 2nd quarter of fiscal year 2019. The operating performance is summarized as follows:

Revenues from Sales and Rendering of Services

Total revenues from sales and services of THB 3,420 million was slightly increased by THB 86 million or 3% comparison with the prior year's 2nd quarter resulting from increase in sugar sale. The quantity of sugar sale for the current period is 201,160 tons which increased by 30%, whereas its average sale price was approximately decreased by 3%. These was a large amount of export sale of raw sugar in this quarter. In addition, the volume of molasses sale in the current quarter was 84,532 tons and decreased by 45%.

Gross Profit

For the 2nd quarter of 2020, the company had a gross profit of THB 365 million, representing 11% of gross profit margin, which decreased from THB 1,108 million or 33% of gross profit margin of the 2nd quarter of 2019. The decrease in gross profit was mainly due to drought in Thailand effected to the shorten raw material (sugar cane) and then caused increases in both raw material price and production costs. The sugar cane price which calculated based on calculation method of the Office of the Cane and Sugar Board for the 2019/2020 production season of year, was higher than the previous year's price. The estimated price of sugar cane for the current production year is increased by 19% comparison with the corresponding period of previous year.

Distribution Costs

Distribution costs decreased from THB 497 million of the 2nd quarter of previous year to THB 166 million of the 2nd quarter of 2020. The cancellation of remittance fee to Office of the Cane and Sugar Fund which effective from October 1, 2019 onwards, is a major reason of decrease in overall of distribution costs.

Administrative and other expenses

- The contributions to the Cane and Sugar Fund of THB 337 million was recognized as expense in the current period. The contribution is calculated from volume of sugar cane crushing for production in the previous production season of year 2017/2018 (since January 15, 2018 onwards) and year 2018/2019 at the rate of THB 20 per ton of sugar cane according to the Cabinet Resolution in April 2020 and announcement of the Royal Gazette dated May 26, 2020.
- The company recognized loss from sugar price hedging contract in the total amount of THB 506 million.

Financial Costs

In the 2nd quarter of 2020, the financial costs decreased by THB 53 million or 29% was mainly due to repayment of certain amount of long-term loans and decrease in average interest rate.

For the 2nd quarter of 2020 financial status overview, the company had total assets of THB 45,136 million, total liabilities of THB 26,700 million and total shareholders' equity of THB 18,436 million. Interest bearing debt to equity ratio (IBD/E ratio) represented at 1.23.

Yours faithfully,



Mr. Chamroon Chinthammit

Chief Executive Officer and President

Khon Kaen Sugar Industry Public Company

Limited