



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

No. AC 101/2019

25 December 2019

SUBJECT EXPLANATION OF THE FINANCIAL PERFORMANCE FOR THE YEAR 2019

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 year 2019 (from November 1, 2018 to October 31, 2019). The Company had net profit attributed to owners of the parent of THB 822 million, a decrease of 3% compared to the fiscal year 2018. The operating performance is summarized as follows:

Revenues from Sales and Rendering of Services

In the year 2019, total revenues from sales and service of THB 17,855 million was slightly increased from THB 17,812 million in the year 2018. The increase in total revenue of THB 43 million was resulted from increase in sugar sales volume compensated the result of decrease in average selling price.

The company sold higher volume of sugar, both domestic sales and export sales. The total sugar sales volume for the year 2019 was 1.26 million tons or increased by 15.06% compared to the year 2018. However, the average selling price was decreased from 12,526 THB/ton in the year 2018 to 10,902 THB/ton in 2019 or decreasing by 12.97%.

Gross Profit

In the year 2019, the company had gross profit of THB 3,625 million, representing 20.30% of total revenue from sales and service, which increased from THB 3,131 million or 17.58% of total revenue from sales and service in the year 2018. The increase in gross profit was mainly due to the reduction of raw material costs.

Other Income

Other income decreased by THB 44 million was mainly due to the following details:

- Decrease in revenue from compensation for sugar productions and distributions of THB 340 million. The revenue in the year 2019 was THB 101 million, whereas the revenue in the year 2018 was THB 441 million. It is the compensation that would be reimbursed from the Cane and Sugar Fund ("The Fund") as a result that

the final sugar cane price and the final compensation for the production and distribution of sugar were lower than the initial sugar cane price of each year. The Fund has to compensate the sugar mills price difference and the compensation since the overpayment of sugar can price is not directly required for refund from cane farmers.

- Increase in refund from the Office of the Cane and Sugar Fund according to the assistance project to support sugar cane planter and sugar plants of THB 154 million.
- Increase in gain on sugar futures contracts of THB 98 million was incurred from the hedging of sugar selling price due to the declining of the world sugar selling prices during the year 2019.

#### Distribution Costs

Distribution costs increased from THB 1,886 million in the previous year to THB 2,206 million in the year 2019 due to increase in sugar sales volume as mentioned above.

#### Administrative Expenses

Administrative expenses decreased from THB 720 million in the previous year to THB 681 million in the year 2019, or decreasing by 5.47% due to decrease in employee costs and other expenses.

#### Financial Costs

In the year 2019, financial costs decreased by 2.38% or THB 17 million was mainly due to repayment of certain amount of working capital loans as the result that the company had better cash flow received from sales of goods during the year.

For the year 2019 financial status overview, the company had total assets of THB 44,121 million, total liabilities of THB 25,100 million and total shareholders' equity of THB 19,021 million. Interest bearing debt to equity ratio represented at 1.16.

Yours faithfully,



Mr. Chamroon Chinthammit

Chief Executive Officer and President

Khon Kaen Sugar Industry Public Company Limited