

KHON KAEN SUGAR INDUSTRY PCL.



Business Overview: Opportunity Day Q3/2015

November 2015



SUGAR



ETHANOL



ELECTRICITY

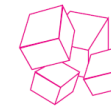


BIO FERTILIZER



From Nature to Green Energy
From Nature to Green Energy

Company Highlight



FROM **NATURE** TO **GREEN ENERGY**
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Fully Integrated Sugar & Energy company

- 7 Sugar Factories : 5 in Thailand & 2 in oversea
- 3 Power Plants
- 2 Ethanol Factories & Biogas

Readiness of AEC

- Sugar Cane Plantation : Laos – 10,000 h.a. & Cambodia 20,000 h.a.
- Sugar Mill : Laos – 3,000 TCD & Cambodia – 6,000 TCD

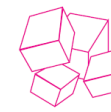
Strong Financial Position

- The “A” ratings reflect the company’s long track record in the sugar and sugarcane industry as one of the leading sugar producers in Thailand and its diversification into sugar-related businesses.

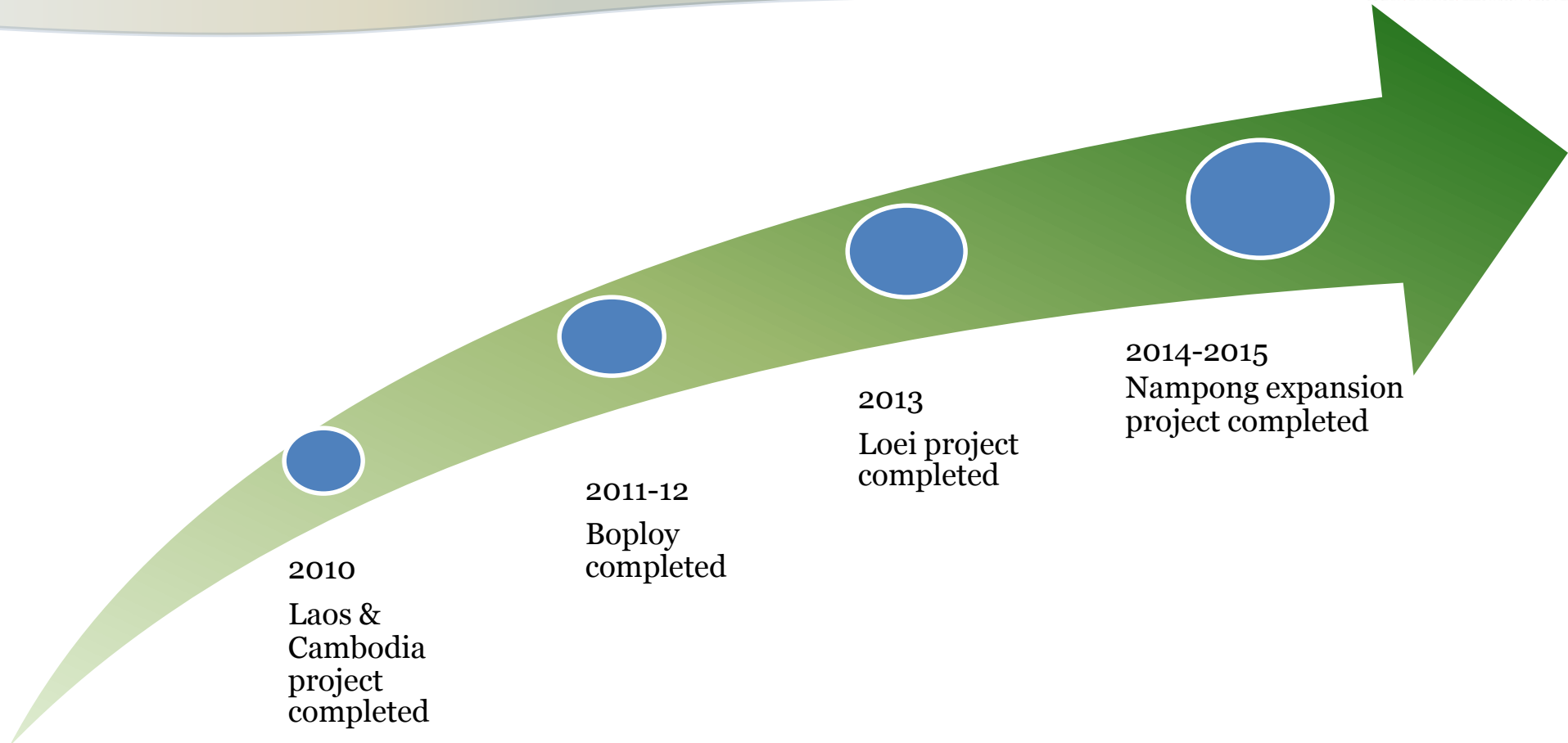
Strong Relationship with Strategic Stakeholder

- Industrial Customers
- Farmers (over 10,000 accounts)
- Banks & Financial institutions
- Investors & Shareholders
- Local Community -“70 Years of KSL to 70 Sufficiency Programs”

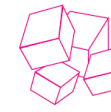
Major Development



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KSL Factories



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Overall Facilities

- 7 Sugar factories
 - 5 in Thailand
 - 2 in Oversea
- 3 Power Plants
- 2 Ethanol factories & Biogas

Boploy Facility

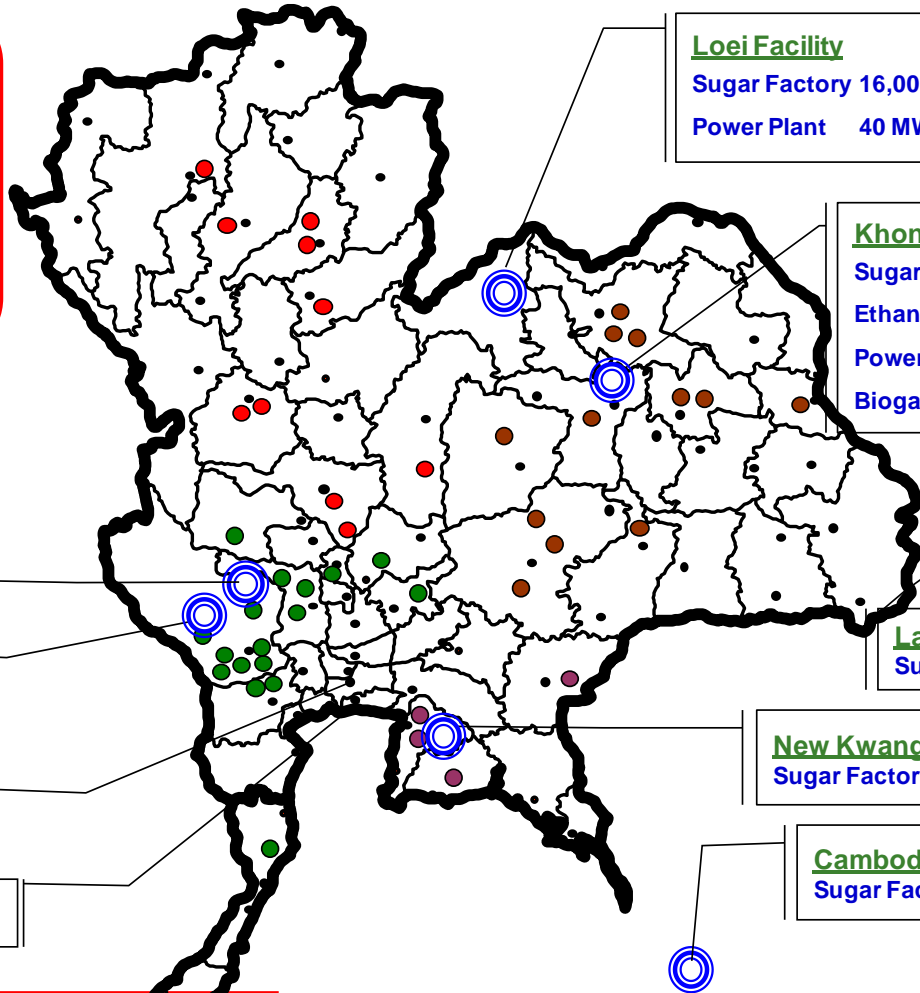
- Sugar Factory 36,000 TCD
- Ethanol Factory 200,000 LPD
- Power Plant 90 MW
- Bio Gas 33,600,000 m³/y

Tamaka Facility

- Sugar Factory 20,000 TCD

Head Office

Terminal port



Loei Facility

- Sugar Factory 16,000 TCD
- Power Plant 40 MW

Khon Kaen Facility

- Sugar Factory 35,000 TCD
- Ethanol Factory 150,000 LPD
- Power Plant 65 MW
- Biogas 15,000,000 m³/y

Laos Facility

- Sugar Factory 3,000 TCD

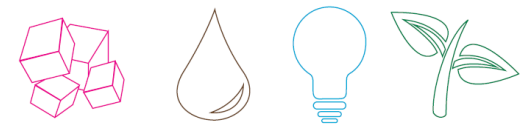
New Kwang Soon Lee Facility

- Sugar Factory 3,000 TCD

Cambodia Facility

- Sugar Factory 6,000 TCD

Business Plan



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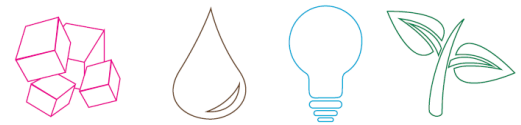
TCD = Ton Cane per Day

LPD = Liters Per Day

		YEAR 2011 Actual	YEAR 2012 Actual	YEAR 2013 Actual	YEAR 2014 Actual	YEAR 2015 Actual
THAILAND SUGAR OPERATION	TCD TON CANE	64,000 TCD	78,000 TCD	86,000 TCD	110,000 TCD	110,000 TCD
	Ton Sugar	6,171,851 T	7,298,623 T	7,668,496 T	8,470,492 T	8,749,389 T
	Ton Molasses	616,837 T	744,135 T	726,606 T	883,442 T	879,242 T
		283,730 T	335,376 T	363,164 T	383,395 T	403,014 T
ETHANOL OPERATION	LPD	150,000 LPD	350,000 LPD	350,000 LPD	350,000 LPD	350,000 LPD
	M Litres	33.47 MLitres	88.45 MLitres	104.65 MLitres	91.61 MLitres	100.00 MLitres *
POWERPLANT OPERATION (Sell to Grid)	MW	30 MW	40 MW	40 MW	40 MW	50 MW
	MW-Hr	182,882	267,452	301,136	324,099	300,000
		MW-HR	MW-HR	MW-HR	MW-HR	MW-HR *
OVERSEA SUGAR OPERATION	TCD TON CANE	9,000 TCD	9,000 TCD	9,000 TCD	9,000 TCD	9,000 TCD
	Ton Sugar	300,299 T	245,042 T	350,649 T	252,295 T	276,563 T
	Ton Molasses	33,938 T	26,895 T	35,812 T	29,131 T	33,634 T
		11,964 T	11,524 T	20,238 T	9,463 T	10,827 T

Note: * Forecast number

Main Investment Strategies



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(1) Core Business

- Relocate 1 sugar mill in Chonburi to Sra Keaw as a Complex (with Ethanol & Power Plants)
- Timeline depend on License approval

(2) Value Added from By-product

- Compressed Biogas, Bio Plastics
- Spin-off Ethanol Business to list in Stock Exchange of Thailand

(3) Joint Venture / Investment Project

- Food, Renewable Energy, Logistics

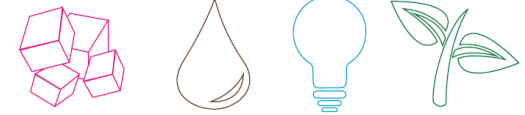


Industry Updated

November 2015

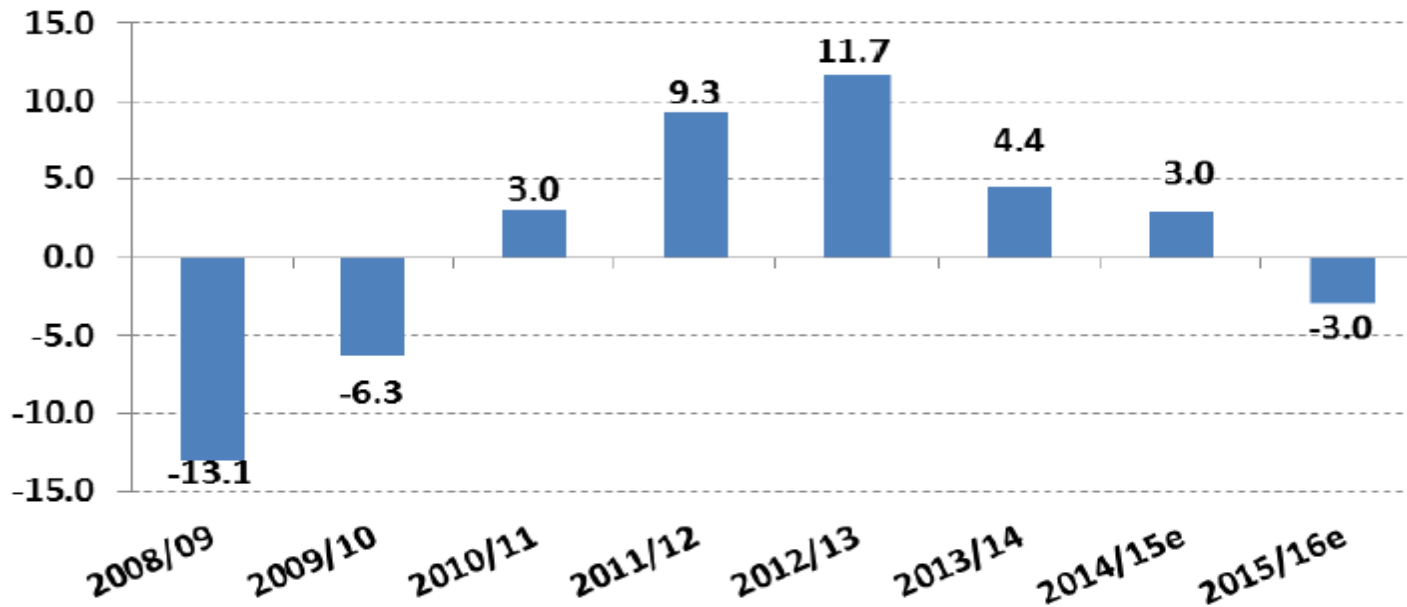


World Sugar Balance



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Global Sugar S&D - Surplus/Deficit
(in m mt)

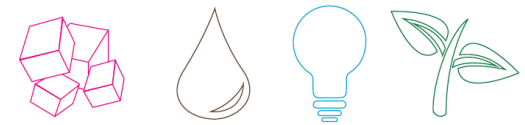


Source: Citigroup, Global Agricultural Commodities

Past performance is not indicative of future performance

The above figures reflect production estimates in national crop year, tel quel value

Fundamental News



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El Niño 2015

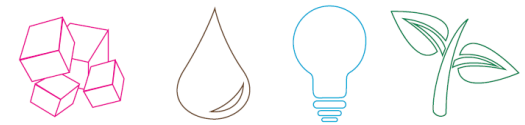
- Wet weather and rain in central-south Brazil could hamper sugar cane harvesting, lowering the level of sucrose, or the sugar levels in the plants.

Accumulated Production Until 16 October 2015

Product	South-Central region		
	2014/2015	2015/2016	Var. (%)
Sugarcane ¹	480,850	480,439	↓ -0.09%
Sugar ¹	27,445	25,346	↓ -7.65%
Anhydrous ethanol ²	9,173	8,159	↓ -11.06%
Hydrous ethanol ²	12,417	13,711	↑ 10.42%
Total ethanol ²	21,590	21,870	↑ 1.30%
TRS ¹	65,617	63,778	↓ -2.80%
TRS/ ton of sugarcane ³	136.46	132.75	↓ -2.72%
Share % sugar	43.90%	41.71%	↓
ethanol	56.10%	58.29%	↑
Liters of ethanol/ ton of sugarcane	44.90	45.52	↑ 1.38%
Kg of sugar/ ton of sugarcane	57.08	52.76	↓ -7.57%

Source : Unica

Fund Position



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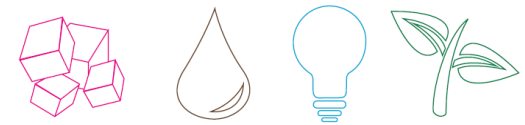
	27/10/2015	20/10/2015	29/09/2015	28/04/2015	28/10/2014
COT - Supplemental Report, Futures and Options					
ICE Sugar	Latest	1 Week	1 Month	6 Months	12 Months
Total Open Interest	1,060,212	996,734	941,763	989,799	940,906
Non-Commercial Long	186,796	177,508	144,387	155,563	165,976
Non-Commercial Short	60,931	63,591	130,447	187,308	234,466
Net-Non Commercial Position	125,865	113,917	13,940	-31,745	-68,490
Week-on-week Change	11,948				
Index Traders Long	287,168	289,661	278,586	284,227	308,393
Index Traders Short	22,752	21,180	16,809	16,395	18,295
Net Index Traders Position	264,416	268,481	261,777	267,832	290,098
Week-on-week Change	-4,065				
Commercial Long	273,397	239,514	271,542	299,394	240,961
Commercial Short	697,895	652,715	559,310	548,410	455,624
Net Commercial Position	-424,498	-413,201	-287,768	-249,016	-214,663
Week-on-week Change	-11,297				
Non-Reportable Long	85,686	82,152	68,831	79,678	66,834
Non-Reportable Short	51,469	51,350	56,779	66,749	73,778
Net Non-Reportable Position	34,217	30,802	12,052	12,929	-6,944
Week-on-week Change	3,415				
Total Spec Long	272,482	259,660	213,218	235,241	232,810
Total Spec Short	112,400	114,941	187,226	254,057	308,244
Total Spec Position	160,082	144,719	25,992	-18,816	-75,434
Week-on-week Change	15,365				

Source: CFTC; Bloomberg; Citigroup Global Markes. Past Performance is not indicative of Future Performance

Sugar NY No. 11 last 6 months



World Sugar Price

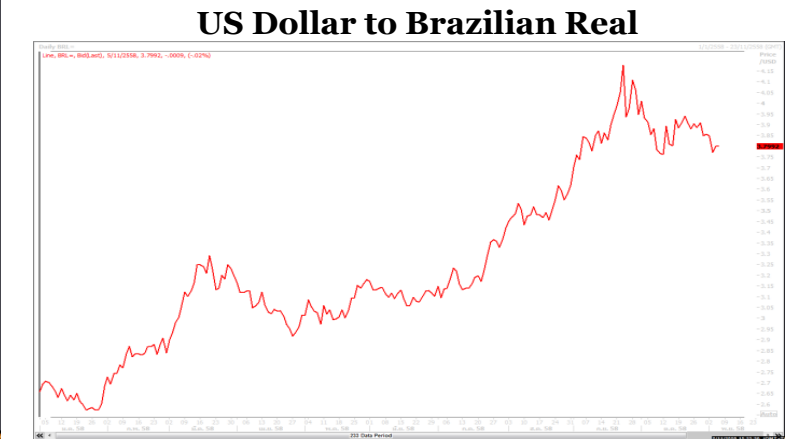
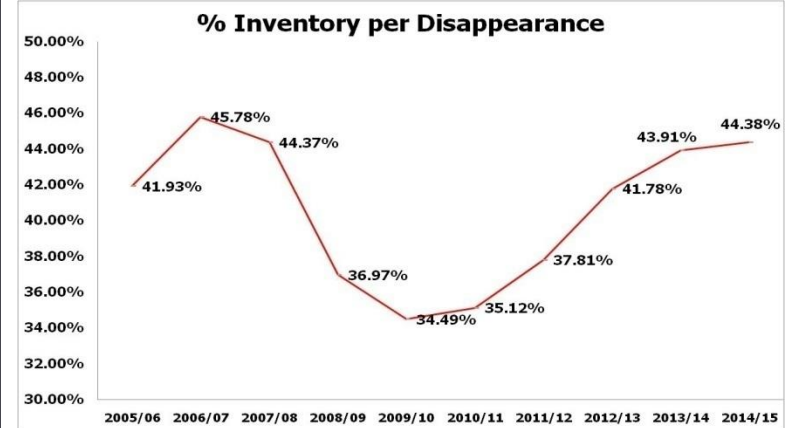


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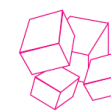
Sugar New York No. 11



Source : F.O.Lights, Reuters



Thailand harvesting Area



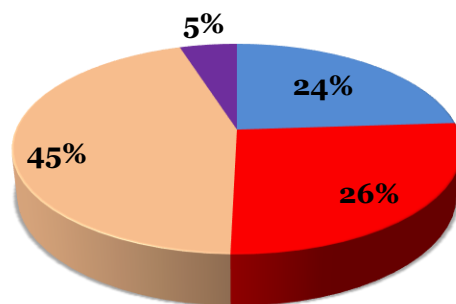
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Agricultural Products	2010		2011		2012		2013		2014	
	Area (Rai.)	%	Area (Rai.)	%	Area (Rai.)	%	Area (Rai.)	%	Area (Rai.)	%
Rice	74,576,860	61.16%	72,809,236	59.72%	76,743,055	58.99%	74,099,208	57.64%	73,943,567	57.13%
Sugarcane	6,309,892	5.17%	7,870,253	6.46%	8,013,011	6.16%	8,259,969	6.43%	8,456,409	6.53%
Cassava	7,405,168	6.07%	7,096,173	5.82%	8,513,242	6.54%	8,656,942	6.73%	8,431,223	6.51%
Rubber	12,058,237	9.89%	12,765,636	10.47%	15,748,503	12.11%	16,462,714	12.81%	17,399,664	13.44%
Corn	7,268,112	5.96%	7,178,598	5.89%	7,153,788	5.50%	7,214,650	5.61%	7,073,303	5.46%
Palm Oil	3,384,809	2.78%	3,565,460	2.92%	3,700,508	2.84%	3,767,336	2.93%	4,148,168	3.20%
Others	10,939,150	8.97%	10,624,753	8.72%	10,226,699	7.86%	10,086,274	7.85%	9,978,312	7.71%
Total	121,942,228		121,910,109		130,098,806		128,547,093		129,430,646	

Source : Office of Agricultural Economics

Sugarcane Crush by Region(2015)

■ Northern ■ Middle ■ North-Eastern ■ East

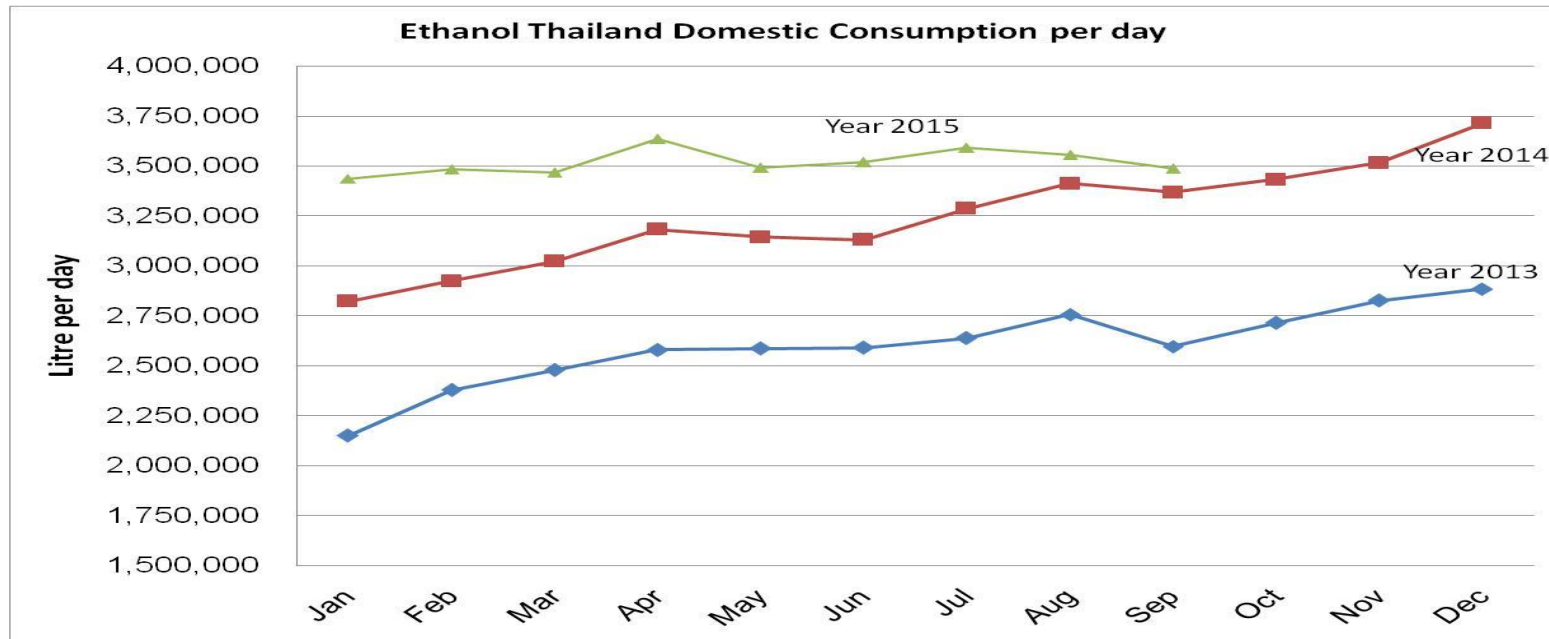


For 2016, Plantation Yield may drop due to El Niño effect. However, Plantation area has been expanded.

Ethanol Consumption Outlook



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PRICE STRUCTURE OF PETROLEUM IN BANGKOK, Nov 4, 2015

THB / Litre	EX REFIN	TAX	OIL FUND(1)	CONSV. FUND	WHOLE SALE	VAT	WHOLE SALE+VAT	MARKET MARGIN	VAT	RETAIL PRICE
ULG 95 R	14.80	5.6000	6.15	0.25	27.36	1.92	29.27	3.07	0.21	32.56
GASOHOL 95 E10	16.17	5.0400	0.05	0.25	22.01	1.54	23.55	1.91	0.13	25.60
GASOHOL 95 E20	17.44	4.4800	-2.40	0.25	20.22	1.42	21.64	1.50	0.10	23.24
GASOHOL 91 E10	15.92	5.0400	0.01	0.25	21.72	1.52	23.24	1.81	0.13	25.18
GASOHOL E85	24.74	0.8400	-9.23	0.25	16.68	1.17	17.85	1.77	0.12	19.74

Alternative Energy Regulator Policy



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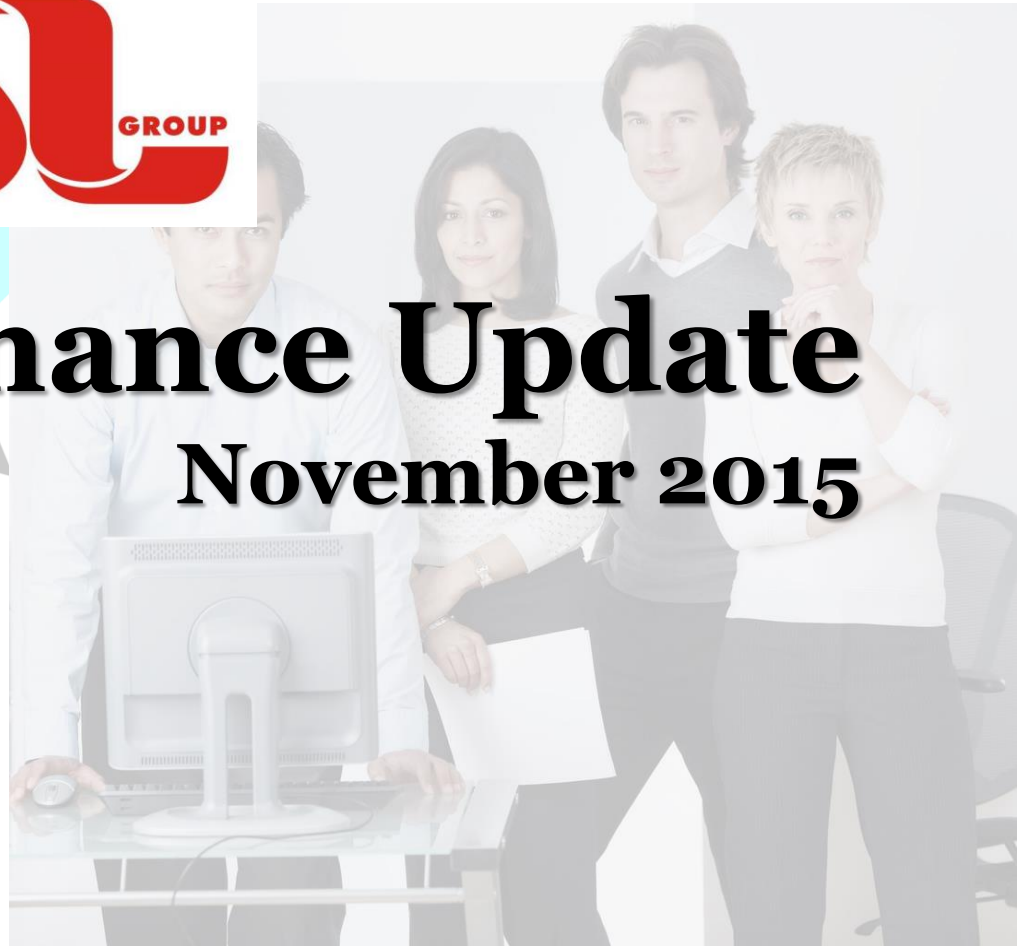
Alternative Energy	Unit	Target 2021	2011	2012	2013	2014 ^P	Budget 2015 Oct-April
Electricity Production							
Solar	MW	3,000	79	377	823	1,299	1,303
Wind	MW	1,800	7	112	223	224	225
Hydro(Small size)	MW	324	96	102	109	142	142
Biomass	MW	4,800	1,790	1,960	2,321	2,452	2,487
Bio gas	MW	3,600	159	193	265	312	327
Waste	MW	400	25	43	47	66	75
New Type of Energy	MW	3	-	-	-	-	-
Total	MW	13,927	2,156	2,786	3,788	4,494	4,558
	ktoe	5,370	988	1,138	1,341	1,467	906
Heat Production							
Solar	ktoe	100	2.0	3.5	4.5	5.1	5.4
Biomass	ktoe	8,500	4,123	4,346	4,694	5,144	3,231
Bio Gas	ktoe	1,000	402	458	495	528	286
Waste	ktoe	200	1.7	78.2	85.0	98.1	57
Total	ktoe	9,800	4,529	4,886	5,279	5,775	3,580
Biofuel							
Ethanol	mil. Litre/Day	9.0	1.2	1.4	2.6	3.2	3.53
Biodiesel (B10)	mil. Litre/Day	7.2	2.1	2.8	2.9	2.9	2.68
New Fuel (BHO)	mil. Litre/Day	3.0	-	-	-	-	-
Total	mil. Litre/Day	19.2	3.3	4.2	5.5	6.1	6.2
	ktoe	5,657	984	1,270	1,612	1,783	1,048
Compressed Bio Gas (CBG)	Ton/Day	1,200	-	-	-	-	-
	ktoe	3,807	-	-	-	-	-
Alternative Energy	ktoe	24,634	6,501	7,294	8,232	9,025	5,534
Final Energy	ktoe	99,838	70,562	73,316	75,214	75,804	44,681
Alternative Energy to Final Energy	%	25	9.21	9.95	10.94	11.91	12.39

Source : Department of Alternative Energy Development and Efficiency (Ministry of Energy)

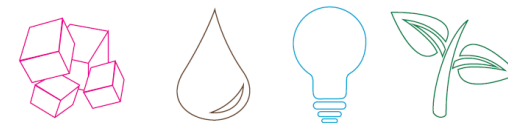


Performance Update

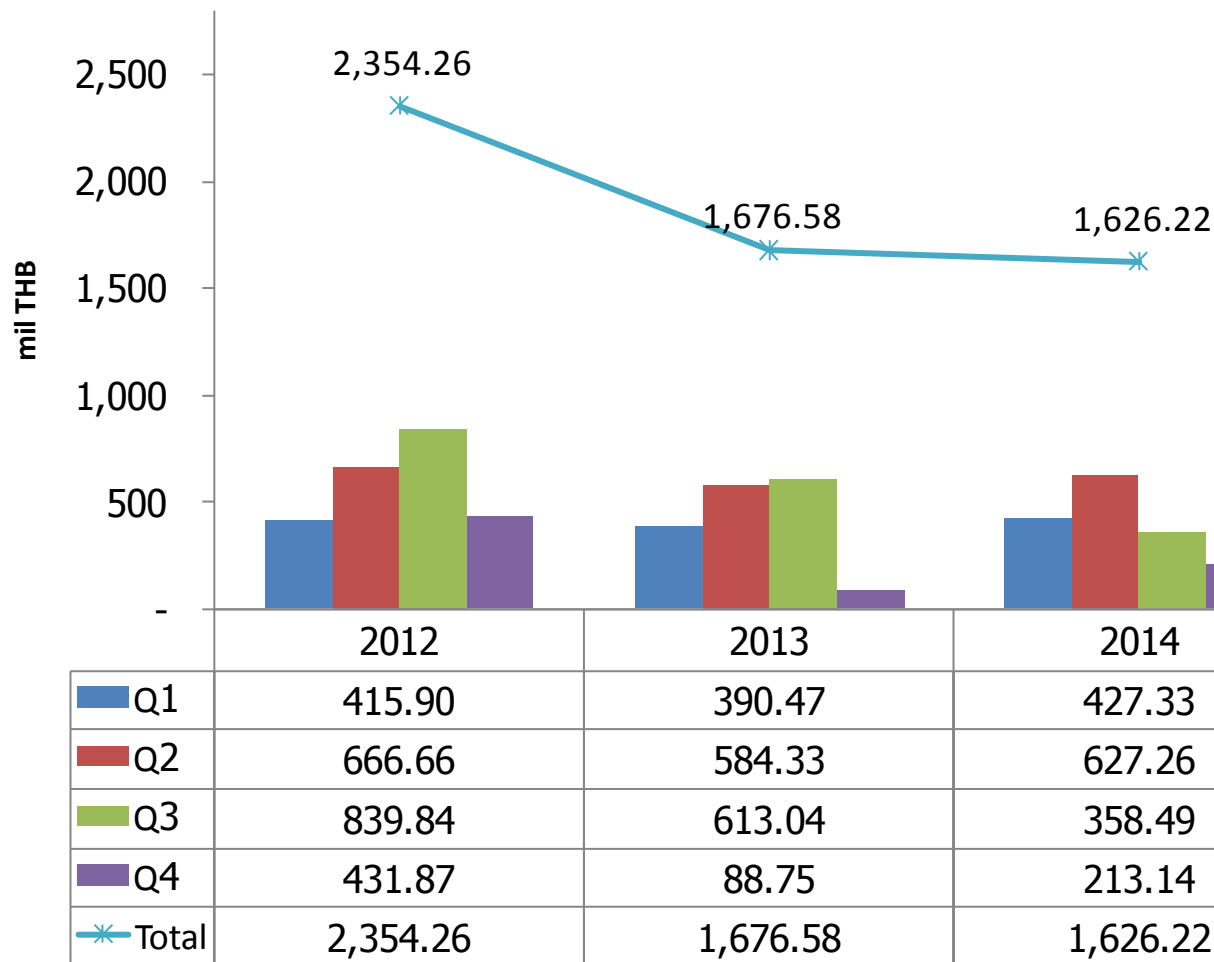
November 2015



P&L Highlights



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Profit/Loss

2014Q3 : 358 m THB

2015 Q3 : 228 m THB

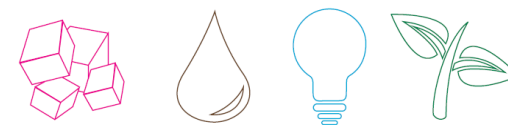
36% decrease

9M2014: 1,413 m THB

9M2015: 1,088 m THB

23% decrease

P&L Highlights



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Income Statement Highlight (Million THB)	9M_2014	9M_2015	%Chg
Sales and Services	12,200	12,728	4%
Cost of Sales and Service	(8,488)	(9,230)	9%
Gross Profit from Sales & Services	3,713	3,498	-6%
Other Incomes	222	401	80%
Gross Profit from other Income	3,935	3,899	-1%
Selling Expense	(368)	(402)	9%
Administration Expense	(444)	(540)	22%
Management Remuneration	(146)	(149)	2%
Proceeds to Fund	(738)	(880)	19%
Total Expense	(1,695)	(1,970)	16%
EBIT	2,239	1,928	-14%
Financial cost	(618)	(631)	2%
Share of Profit of Associated Company	(6)	13	
Corporate Income Tax	(84)	(115)	36%
Minority and others	(118)	(108)	
Net Profit	1,413	1,088	-23%
EPS	0.42	0.27	
Gross Margin from Sales & Service	30.4%	27.5%	
Net Profit Margin	11.6%	8.5%	

Volume ++

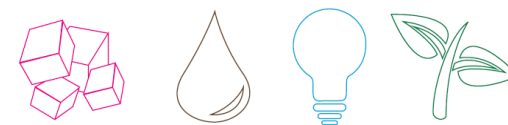
Price --

Derivative 25 -> 173 m

FX Loss

BOI expired at
Power Plant
Nampong site

Price & Volume



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SALE VOLUME	9M_2014	9M_2015	% Change
Sugar Business			
Domestic - White / Refined	133,588	162,330	21.5%
Export - Raw	121,050	107,764	-11.0%
Export - White / Refined	205,025	274,941	34.1%
Total	459,663	545,035	18.6%
Ethanol	66,507,790	71,292,745	7.2%
Electricity (MW-hr)	246,444	258,861	5.0%
Price (THB / UNIT)			
Sugar Business			
Domestic - White / Refined	19,894	19,627	-1.3%
Export - Raw	13,407	10,963	-18.2%
Export - White / Refined	16,311	13,997	-14.2%
Total	16,587	15,074	-9.1%
Ethanol	25.96	25.80	-0.6%
Electricity (MW-hr)	3,522	3,359	-4.6%

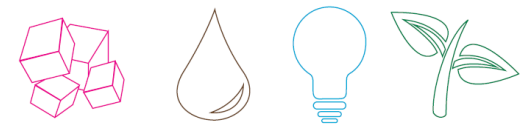
Operating Profit



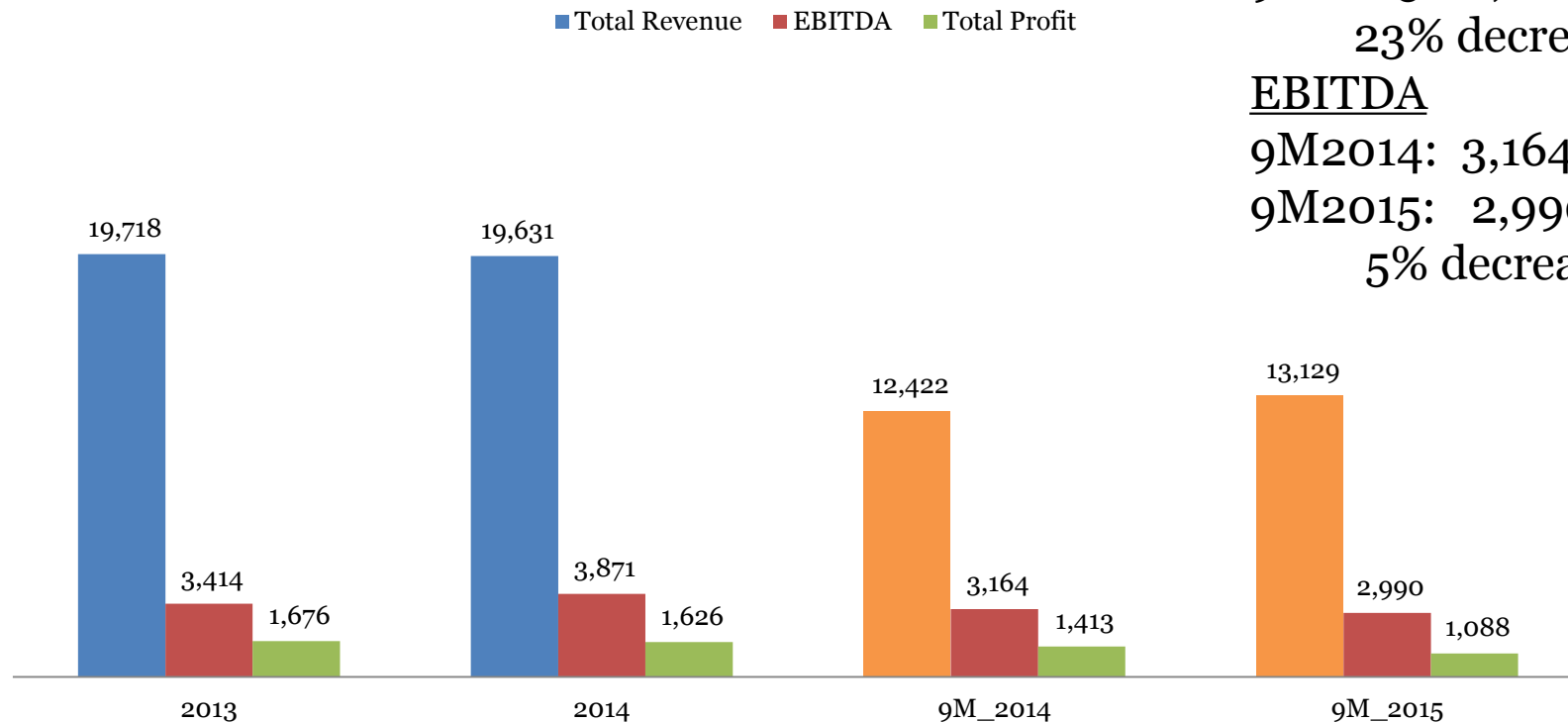
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Financial Highlight (Million THB)	9M_2014	9M_2015	
Operating Profit Breakdown			
Sugar Business (Thailand)	1,130	936	↓ ↓
Sugar Business (Other Countries)	9	(222)	↓ ↓ ↓ ↓
Ethanol Business + Related	500	441	↓
Power Plant Business	1,043	1,015	↓
Others	148	202	↑
Total	2,829	2,372	
Deduct HQ Admin	(590)	(444)	
EBIT	2,239	1,928	
Deduct Interest	(618)	(631)	
Deduct Tax	(84)	(115)	
Deduct Minority & Other	(124)	(95)	
Net Profit	1,413	1,088	

To-Date Performance



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Profit/Loss

9M2014: 1,413 m THB

9M2015: 1,088 m THB

23% decrease

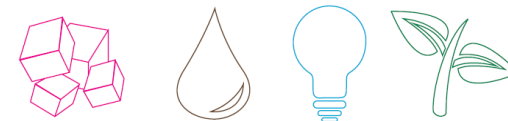
EBITDA

9M2014: 3,164 m THB

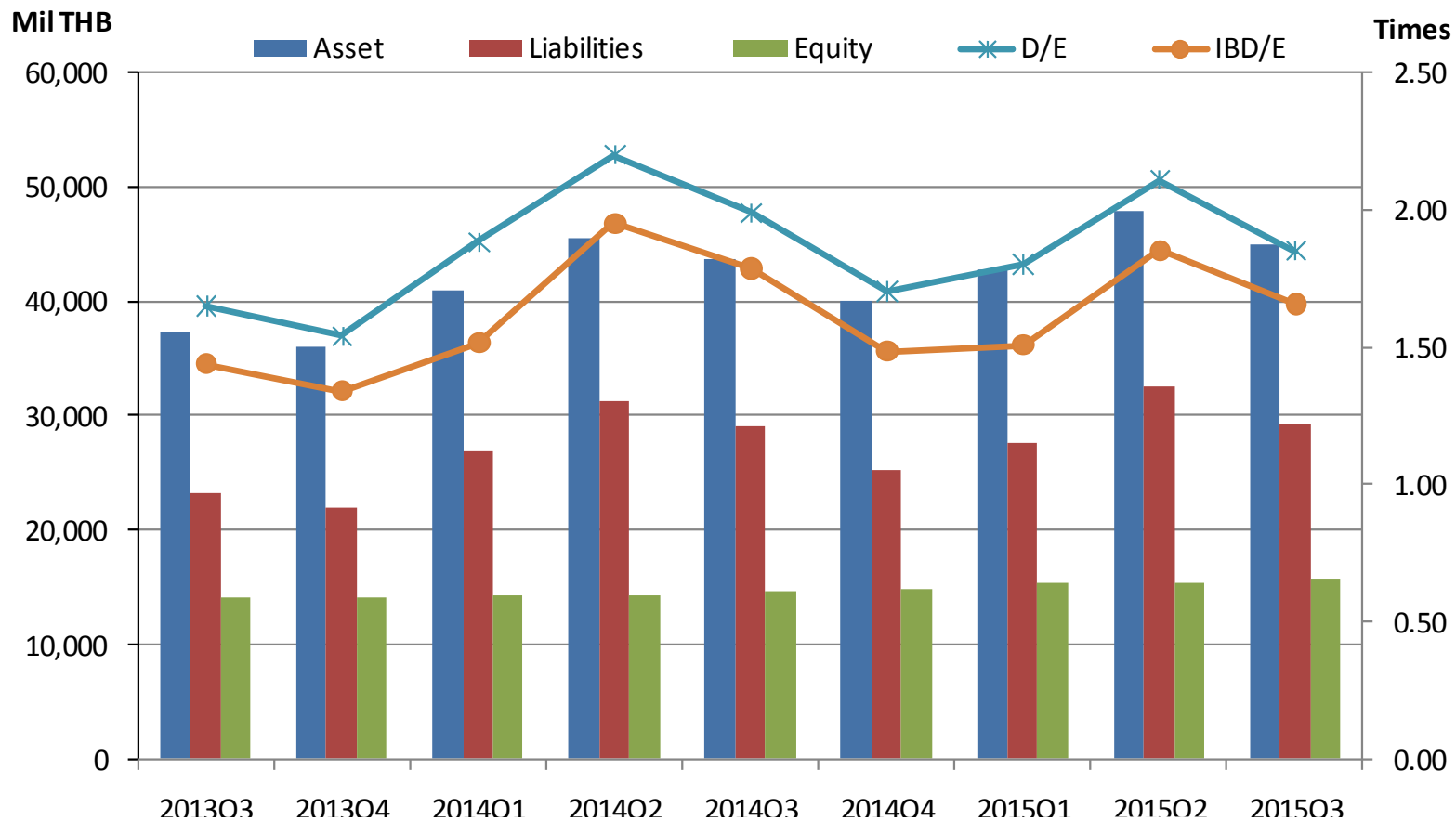
9M2015: 2,990 m THB

5% decrease

Statement of Financial Position



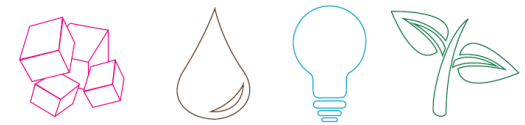
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D/E Ratio
 2014Q3: 1.99
 2015Q3: 1.85

IBD/Equity
 2014Q3: 1.79
 2015Q3: 1.66

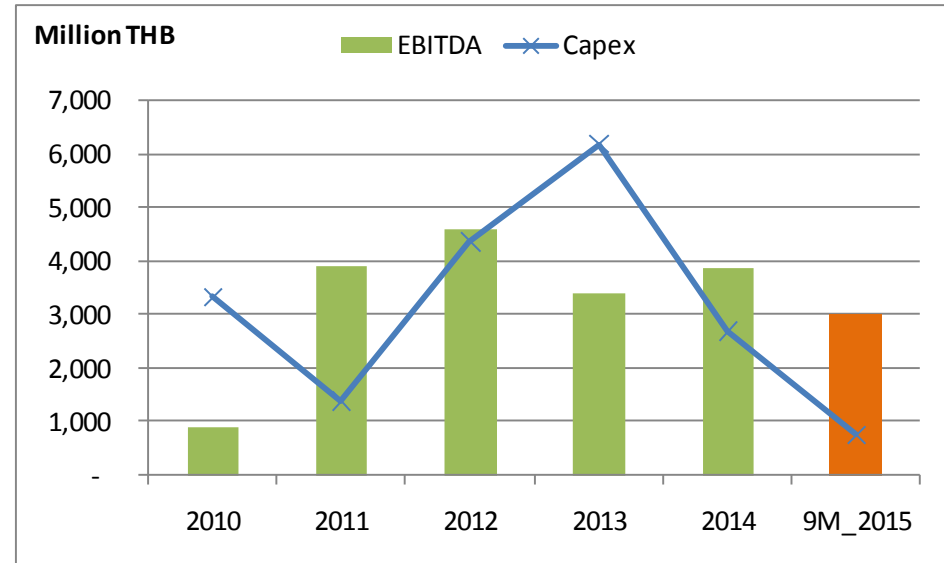
Conclusion:



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Outlook in 2016

- ✓ Plantation yield may drop due to El Niño effect. However, Plantation area in Thailand has been expanded.
- ✓ Sugar prices recover from bottom @10 cents/lbs to 14 cents/lbs
- ✓ KSL target crushing @ 9 m tons cane in Thailand
- ✓ Main contribution from Renewable Energy (Ethanol and Power Plant)



EBITDA

9M2014: 3,164 m THB

9M2015: 2,990 m THB

5% decrease

CAPEX

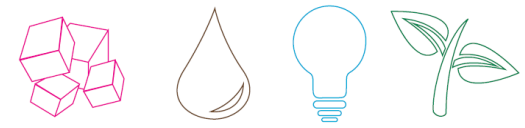
9M2014: 2,212 m THB

9M2015: 760 m THB

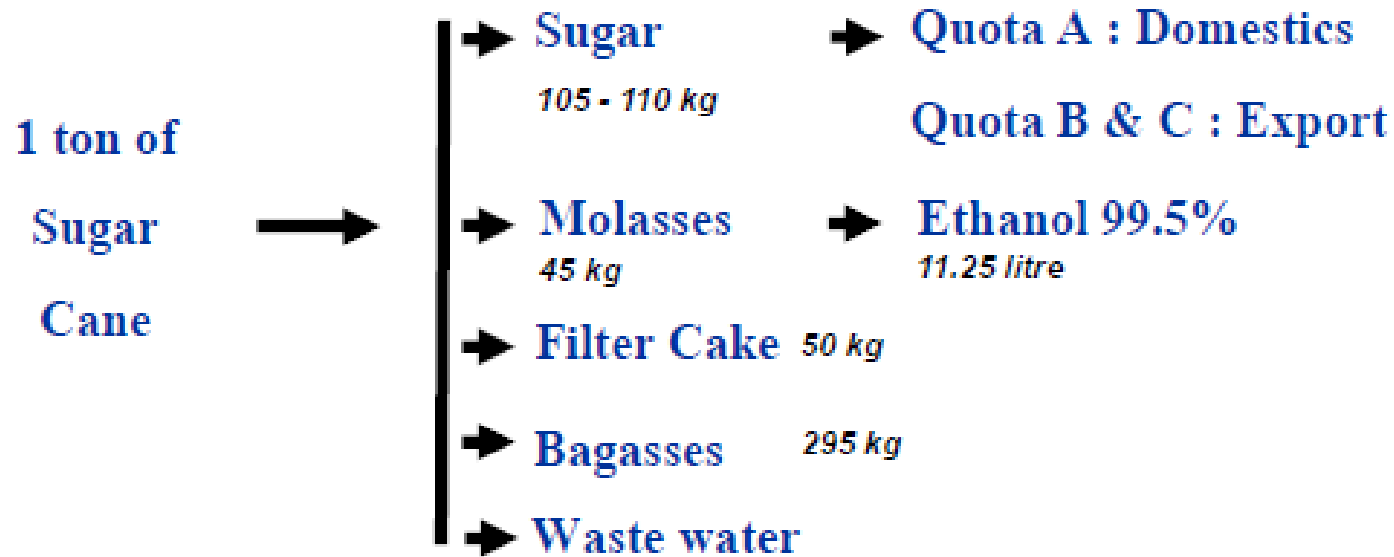
Other Support Information



Conversion of Sugar cane

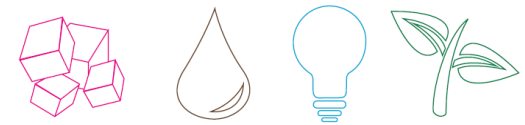


FROM **NATURE** TO **GREEN ENERGY**
SUGAR | ETHANOL | ELECTRICITY | BIO FERTILIZER



Note : Roughly Estimate Ratio

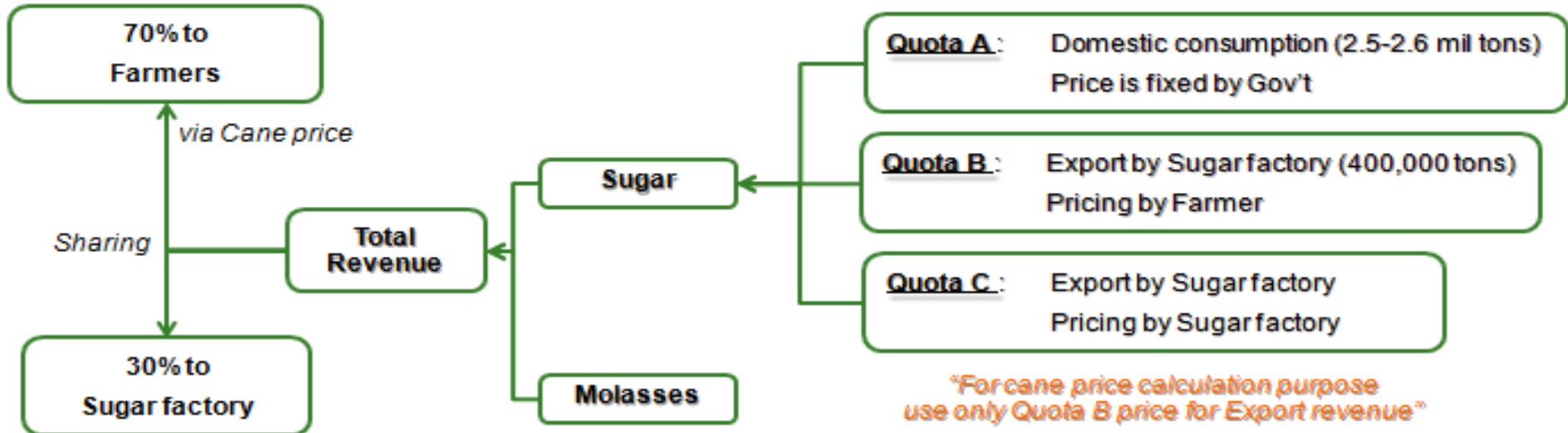
How to determine cane price

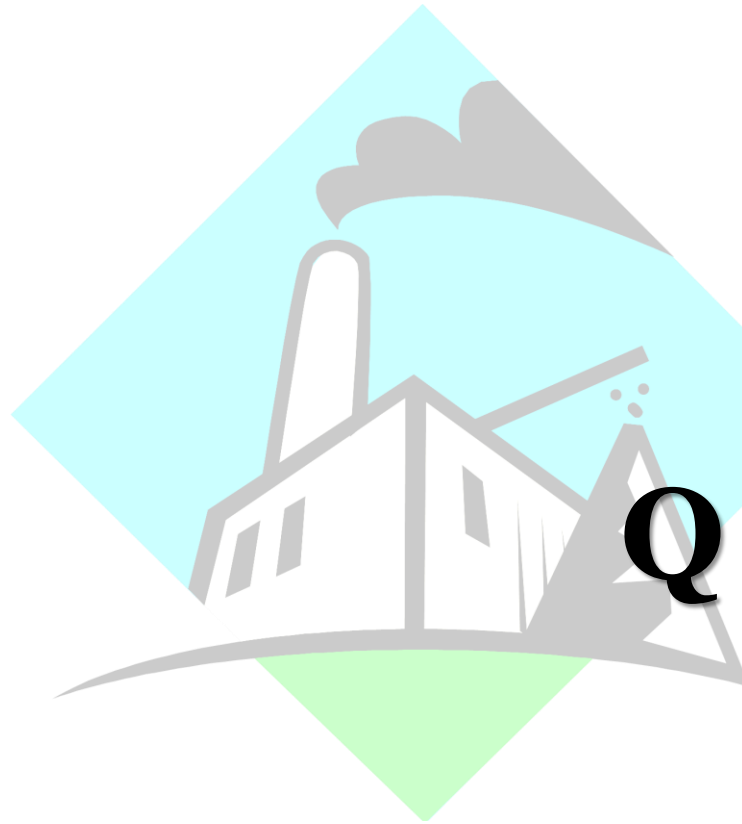


FROM NATURE TO GREEN ENERGY
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Sugar industry in Thailand apply a special law, so called **“70/30 Revenue Sharing”**

Revenue from Sugar & Molasses	
Raw Material Cost	⇒ 70%
Margin	⇒ 30%
- Processing Cost	
Gross Margin	⇒ 20-25%





Q & A

