



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

No. AC 044/2020

11 September 2020

SUBJECT MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL PERFORMANCE
FOR THE 3th 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 3th quarter of the fiscal year 2020 (from May 1, 2020 to July 31, 2020). The company had a net profit attributed to owners of the parent in the amount of THB 196 million which decreased from THB 217 million of profit for the same quarter of the previous year or decreased by 10%. Revenues from sales and rendering of services in the amount of THB 3,024 million was decreased from THB 4,421 million of revenue for the same quarter of the previous year or decreased by 32%. The operating performance and major changes by comparison with the corresponding period of the previous year are summarized as follows:

Revenues from Sales and Rendering of Services

(Unit : Million THB)

	the 3 th quarter of fiscal year 2020	the 3 th quarter of fiscal year 2019	Increase (decrease)
Revenues from sales	2,984	4,315	(1,331)
Sugar and molasses	2,565	3,798	(1,233)
Electricity	320	337	(17)
Fertilizer, fuels and others	99	180	(81)
Revenues from services	40	106	(66)
Total revenues from sales and services	3,024	4,421	(1,397)

The decrease in revenues from sales and services of Baht 1,397 million, or 32%, was mainly due to decrease in sugar sales revenue. In the current quarter of the year 2020, the total sugar sales volume was 162,632 tons or decreased by 47% in line with lower amount of sugar production since extreme declining of sugarcane output in the 2019/2020 season was affected from Thailand drought. Whereas the average sale price for the quarter was increased by 18% as world sugar prices rose in 2020 to the prices of 13 - 15 cents / pound.

Gross Profit

For the 3th quarter of 2020, the company had a gross profit of THB 475 million, representing 16% of gross profit margin, which decreased from THB 791 million or 18% of gross profit margin of the the same quarter of the previous year. The decrease in gross profit was mainly due to decrease in sale volume, whereas the decrease in gross profit margin was caused from higher production costs which derived from higher cost of raw materials (cane) and other production costs per unit resulting from lower amount of cane crushed. The sugar cane price which referred from calculation method of the Office of the Cane and Sugar Board for the 2019/2020 production year, is higher than the previous year's. The current estimated price of sugar cane for the production year 2019/2020 is increased by 19% comparison with the prior year's corresponding quarter.

Other Income

Other income decreased from THB 346 million of the corresponding quarter of the previous year to THB 47 million of the current period due to that last year the company had a refund from the Cane and Sugar Fund according to the assistance project to support sugar cane planter and sugar plants in the amount of THB 234 million (the 3th quarter of 2020 : Nil).

Distribution Costs

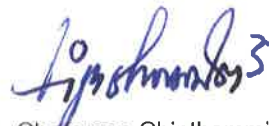
Distribution costs decreased from THB 523 million of the corresponding quarter of the previous year to THB 88 million of the current period. The cancellation of remittance fee to Office of the Cane and Sugar Fund which effective from October 1, 2019 onwards, is a major reason of decrease in overall of distribution costs. In addition to decrease in whole amount of aforementioned remittance fee of THB 278 million, the total decrease of sugar storage and shipping costs is approximate THB 157 million in line with decrease in volume of exported sale.

Financial Costs

Financial costs decreased from THB 195 million of the same quarter of the previous year to THB 118 million of the current quarter was mainly due to repayment of long-term loans and decrease in average interest rate.

For the 3rd quarter of 2020 financial status overview, the company had total assets of THB 42,226 million, total liabilities of THB 23,633 million and total shareholders' equity of THB 18,593 million. Interest bearing debt to equity ratio (IBD/E ratio) as at July 31, 2020 represented at 1.09 which reduced from the rate of 1.44 as at July 31, 2019.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Chamroon Chinthammit", with a stylized flourish at the end.

Mr. Chamroon Chinthammit

Chief Executive Officer and President

Khon Kaen Sugar Industry Public Company Limited