



No. ACC 05/2016

KHON KAEN SUGAR INDUSTRY PUBLIC CO., LTD  
503 K.S.L. TOWER, 9th FLOOR, SRIAYUDHYA ROAD,  
RAJATHEVI, BANGKOK 10400

14 September 2016

SUBJECT        EXPLANATION FOR THE CHANGE IN FINANCIAL PERFORMANCE OF OVER 20 PERCENT FOR THE  
THIRD QUARTER OF YEAR 2016 COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR

ATTENTION     PRESIDENT, THE STOCK EXCHANGE OF THAILAND

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries (“KSL”) would like to clarify our financial performance of the third quarter year 2016 (May 2016 – July 2016) as follow;

**Revenue from Sales and Services, closed to the same period of last year**

The Company recorded the revenue from sales and services at THB 4,494 million, closed to the same period of last year, which recorded at THB 4,509 million. The main reasons were from (1) Thailand Sugar Business, the Company sugar sale volume decreased from 236,561 tons to 210,069 tons; but the average selling price increased from 14,150 THB per ton to 15,039 THB per ton (2) Oversea Sugar Business, the Company recognized the increase in sugar sale volume from 8,989 tons to 29,230 tons and the average selling price also increased from 10,803 THB per ton to 14,810 THB per ton (3) Ethanol Business, ethanol selling volume and ethanol selling price have dropped, compared to the same period of last year. The volume dropped from 20.72 million litres to 22.38 million litres (4) Power Business, due to operation shut down for maintenance in Bo Ploy site from April 2016 to June 2016, the Company selling volume to Grid dropped from 85,876 MW-hr to 71,011 MW-hr and the selling price also dropped.

**Gross profit margin decreased from 22% to 19%**

In the third quarter of year 2016, the company recorded higher Cost of Sales and Services at THB 3,658 million (Third quarter last year at THB 3,502 million). As a result, the Gross profit decreased from THB 1,007 million to THB 836 million or decreased by 17%. The decreases were mainly due to (1) The sugar production cost increased from higher sugar cane price which increased proportionally with the increase in World market price. (2) The ethanol production cost was closed to those of last year, but the ethanol selling price decreased. This caused the decrease in profit per liter of ethanol. (3) Power Business, the Power Plant at Bo Ploy facility stopped the operation for maintenance. This caused higher stoppage expenses and lower revenues.

Net profit decreased by 62%

In third quarter of 2016, The Company selling and admin expenses were closely to the same period of last year. The financial cost decreased from THB 205 million to THB 185 million. Consequently, based on 3 month period performance (May 2016 - July 2016), the Company recorded the net profit of THB 87 million or decreased by 62%, compared to the same period last year which recorded net profit of THB 228 million. Based on 9 month period performance (November 2015 - July 2016), the Company recorded the net profit of THB 615 million or decreased by 43%, compared to the same period last year which recorded net profit of THB 1,088 million.

Yours faithfully,

Mr. Chamroon Chinthammit  
Chief Executive Officer and President  
Khon Kaen Sugar Industry Public Company Limited