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KHON KAEN SUGAR INDUSTRY PUBLIC CO., LTD
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16 March 2017

SUBJECT EXPLANATION FOR THE CHANGE IN FINANCIAL PERFORMANCE OF OVER 20 PERCENT FOR THE
FIRST QUARTER OF YEAR 2017 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 report our financial performance of quarter 1 year 2017 (November 2016 – January 2017). The Company recorded a net profit of THB 453 million, compared to the net profit of THB 357 million the same period of previous year, representing an increase of 27%. The details were, as followings;

Sugar Business in Thailand, Decrease in Sugar Sale Volume but Increase in Export Price

In quarter 1 year 2017, the company recorded sugar sale volume at 106,092 tons, decreased from 187,421 tons or decreased 43.4% of the same period of previous year, due to the international buyer received the shipment later than usual. As a result, the sugar export volume dropped from 139,446 tons (quarter 1 year 2016) to 53,830 tons (quarter 1 year 2017). However, the drops in volume were partly compensated by the 22.2% increase in sugar price, which came from higher world sugar price.

Ethanol business, Higher Volume and Selling Price Recoverd from Quarter 4 Last Year

In quarter 1 year 2017, the Company ethanol sale volume increased by 8.1% to 23.166 million liter, compared to those of the same period of previous year. The ethanol selling price increased from 23.56 THB per liter (quarter 4 year 2016) to 24.19 THB per liter (quarter 1 year 2017) but decreased if it was compared to 24.81 THB per liter selling price of quarter 1 year 2016.



Power business, Higher volume but Lower Price, Compared to the same period of previous year

In quarter 1 year 2017, the Company electricity sale volume to grid increased by 14.6% to 70,746 MW-hr, compared to those of the same period of previous year. The increase was from one of turbine machine breakdown last year, the power plant could not produce the power at full capacity; however, in quarter 1 year 2017, the power plant runs at normal but the sugar mill start crushing later than last year. As a result, the sale volume had less increase. Electricity selling price to the grid dropped from 3,062 THB per MW-hr (quarter 1 year 2016) to 2.770 THB per MW-hr (quarter 1 year 2017).

Revenue from the return of stabilization function payment.

In quarter 1 year 2017, the Company received the cash from the return of stabilization function payment, which the company filed to Administrative Court. The Company recorded the revenue of THB 155.46 million, as a result, the Company recorded THB 124.37 million increase in net profit.

In overall quarter 1 year 2017 performance, the Company recorded a net profit of THB 453 million, compared to the same period of net profit last year at THB 357 million, representing an increase of 27%. The Company's total assets were recorded at THB 42,138 million, with total liabilities of THB 25,025 million and total shareholders' equity of THB 17,113 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.46 and 1.16, respectively. The Company recorded net cash used in operating activities of THB 459 million, net cash used in investing activities of THB 500 million, and net cash received from financial activities (funding) of THB 1,030 million.

Yours faithfully,

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