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

14 June 2017

SUBJECT EXPLANATION FOR THE CHANGE IN FINANCIAL PERFORMANCE OF OVER 20 PERCENT FOR THE SECOND 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 2 year 2017 (February 2017 – April 2017). The Company recorded a net profit of THB 640 million, compared to the net profit of THB 185 million the same period of previous year, representing an increase of 246%. The details were, as followings;

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

In the 2nd quarter year 2017, average selling price increased by 44% from forward sales during the global sugar market was high. The company recorded sugar sale volume at 177,461 tons, decreased from 191,093 tons of the same period last year or decreased by 7%. However, the export volume dropped only 3%.

Ethanol business, Higher Volume and Selling Price

In the 2nd quarter year 2017, average ethanol selling price increased from 23.25 THB per liters to 25.18 THB per liters compare to the same period last year or increased by 8%. And the Company ethanol sale volume was 21.57 million liters, compared to those of the same period of previous year increased by 6%.

Power business, Higher volume but Lower Price

In the 2nd quarter year 2017, the Company electricity sale volume to grid at 104,780 MW-hr or increased by 45% compared to the same period last year. The increase was from normal operation compare to the same period last year the Company decided to shutdown maintenance due to drought. Electricity selling price to the grid dropped from 3,047 THB per MW-hr to 2,764 THB per MW-hr, compare to the same period last year.

Revenue from the return of stabilization function payment.

In the 2nd quarter year 2017, the Company received the cash from the return of stabilization function payment, which the company filed to Administrative Court. The Company recorded other income of THB 85.74 million, as a result, the Company recorded THB 68.59 million increase in net profit in this period or record net profit of THB 192.96 million for 6 months period in 2017.

Overall performance for 6 months period in 2017 (November 2016 – April 2017), the Company recorded a net profit of THB 1,093 million, compared to the same period of net profit last year at THB 541 million, representing an increase of 102%. The Company's total assets were recorded at THB 47,407 million, with total liabilities of THB 30,103 million and total shareholders' equity of THB 17,304 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio (IBD/E) represented at 1.74 and 1.53, respectively. The Company recorded net cash used in operating activities of THB 5,149 million, net cash used in investing activities of THB 1,576 million, and net cash received from financial activities (funding) of THB 7,153 million.

Yours faithfully,

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