

No. AC 125/2561

KHON KAEN SUGAR INDUSTRY PUBLIC CO., LTD
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SUBJECT EXPLANATION FOR THE CHANGE IN PERFORMANCE OVER 20 PERCENT FOR 3rd QUARTER AND
9-MONTH PERIOD 2018, COMPARE TO 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 3rd quarter 2018 (May 2018 – July 2018). The Company recorded total revenue of THB 5,293 million compare to THB 4,191 million last year, representing a decrease of 26% and recorded net loss of THB 95 million compare to net profit of THB 58 million at the same period last year, representing a decrease of 263%. The details were as followings;

Average selling price decrease due to World sugar price volatility

At the beginning of 2017, world sugar price has climbed up to 20 cent/lb then dropped sharply to 10 – 12 cent/lb now, due to global sugar supply is surplus in 2018 with the additional of domestic price decrease from the new sugar regime that domestic price will float along with global price. As a result, the Company recorded average sugar price decrease from 16,525 THB/ton to 12,151 THB/ton or decreased by 27%. Although the Company recorded sales volume increase from 196,221 tons to 355,988 tons or increased by 81%. Therefore total revenue increased.

Other incomes

A reason of decrease in other income in 3rd quarter 2018 compared to the same period previous year mainly due to gain from foreign exchange since Thai baht depreciated against US dollar.

Distribution Cost

An increase of distribution cost compares to the same period last year due to increase in sales volume that mentioned above. Besides the Company incurred transportation cost from undelivered sugar which will be shipped and recorded in 4th quarter 2018

Financial Cost

In 2018 harvesting season, the Company has crushed sugarcane 11.03 million tons compare to 6.83 million tons last year or increased by 61%. Therefore the Company used more working capital to finance inventory that increased financial cost compare to the same period last year.

For overall 3rd quarter 2018 performance, the Company recorded total revenue of THB 5,293 million compare to THB 4,191 million last year, representing a decrease of 26% and net loss of THB 95 million compare to the net profit same period last year at THB 58 million, representing an decrease of 263%.

For the change in 9-month performance, the Company recorded total revenue of THB 12,124 million compare to THB 11,724 million last year, representing a increase of 3% and recorded net profit of THB 734 million compare to net profit of THB 1,151 million at the same period last year, representing a decrease of 36%. The details were as followings;

Increase in total revenue

Total revenue increased due to increase in 9-month period sales volume from 479,774 tons to 668,580 tons or representing 39% increase, although average selling price decreased from 18,059 THB/ton to 13,427 THB/ton.

Other income

A decrease in other income due to in 9-month performance 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 241 million while 9-month performance 2018, the Company does not have this other income.

Distribution Cost & Financial Cost

An increase of distribution cost and financial cost compares to the same period last year due to increase in sales volume and sugarcane volume that mentioned above.

Overall 9-month period performance 2018, the Company recorded total revenue of THB 12,124 million, compare to THB 11,724 million or representing an increase of 3% and net profit of THB 734 million compare to the net profit same period last year, representing an decrease of 36%. The Company's total assets were recorded at THB 49,796 million, with total liabilities of THB 31,247 million and total shareholders' equity of THB 18,549 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.68 and 1.49, respectively.

Yours faithfully,

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