



No. AC 027/2562

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

15 March 2019

SUBJECT EXPLANATION FOR THE DECREASE IN NET PROFIT OVER 20 PERCENT FOR THE 1st QUARTER
YEAR 2019 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 the 1st quarter year 2019 (Nov 2018 – Jan 2019). The Company recorded total revenue of THB 3,043 million compare to THB 3,244 million last year, representing a decrease of 6% and recorded net profit of THB 93 million compare to net profit of THB 141 million at the same period last year, representing a decrease of 34%. The details were as followings;

Total Revenue

Decrease in total revenue in the 1st quarter year 2019 due to average selling price decreased from 16,299 THB/ton to 12,231 THB/ton or decreased by 25%. Although sugar sales volume increased from 151,817 tons to 175,161 tons compare to the same period last year or increased by 15%.

The main reason of decrease in average selling price was the declining of world sugar price due to global sugar supply surplus in 2018 which still affects current price, now trade around 12 - 13 cent/lb. As a result, the Company recorded a decrease in average sugar price from the previous year but the Company recorded an increase in sales volume as mentioned above. Therefore the net effect is total revenue decreased.

Other incomes

Other income in the 1st quarter year 2019 increased compare to the same period last year since the Company recorded THB 61 million from sugar hedging gain while for the same period last year, there is no sugar hedging gain. Therefore the net effect is decrease in other income.

Distribution Cost

Distribution cost in the 1st quarter year 2019 increased compare to the same period last year due to an increase in sales volume that mentioned above. The Company incurred distribution cost THB 453 million compare to THB 365 million previous year.

Financial Cost

The Company's crushing progress of sugarcane was higher compare the same period last year and also higher inventory. Therefore the Company used more working capital to finance inventory. As a result financial cost increased from THB 155 million to THB 165 million compare to the same period last year.

For overall 1st quarter year 2019 performance, the Company recorded total revenue of THB 3,043 million compare to THB 3,244 million last year, representing a decrease of 6% and net profit of THB 93 million compare to the net profit same period last year at THB 141 million, representing an decrease of 34%. The Company's total assets were recorded at THB 48,240 million, with total liabilities of THB 29,619 million and total shareholders' equity of THB 18,621 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.59 and 1.32, respectively.

Yours faithfully,

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