



No. AC 050/2562

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

14 June 2019

SUBJECT EXPLANATION FOR THE DECREASE IN NET PROFIT OVER 20 PERCENT FOR THE 2<sup>nd</sup> 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 2<sup>nd</sup> quarter year 2019 (Feb 2019 - Apr 2019). The Company recorded total revenue of THB 3,334 million compare to THB 3,586 million last year, representing a decrease of 7% and recorded net profit of THB 416 million compare to net profit of THB 688 million at the same period last year, representing a decrease of 40%. The details were as followings;

Total Revenue

Decrease in total revenue in the 2<sup>nd</sup> quarter year 2019 due to average selling price decreased from 13,540 THB/ton to 12,657 THB/ton or decreased by 7%. Moreover sugar sales volume decreased from 160,774 tons to 156,991 tons compare to the same period last year or decreased by 2%.

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. Therefore the net effect is total revenue decreased, while cost of sales and services decreased less than decrease in revenue caused decrease in gross profit.

Other incomes

Other income in the 2<sup>nd</sup> quarter year 2019 decreased compare to the same period last year since the Company recorded less other income from services to farmers this year. As a result other income decreased from THB 124 million to THB 111 million.

*Distribution Cost and Proceed to fund*

The Company incurred distribution cost and proceed to fund at THB 497 million compare to THB 374 million previous year. An increase mainly came from proceed to fund, since the Company had more domestic sugar sales compare to the same period last year.

*Financial Cost*

Since the 2<sup>nd</sup> quarter year 2019 average interest rate charge slightly increased compare to the same period last year. As a result financial cost increased from THB 159 million to THB 183 million compare to the same period last year.

For overall the 2<sup>nd</sup> quarter year 2019 performance, the Company recorded total revenue of THB 3,334 million compare to THB 3,586 million last year, representing a decrease of 7% and net profit of THB 416 million compare to the net profit same period last year at THB 688 million, representing an decrease of 40%. The Company's total assets were recorded at THB 51,755 million, with total liabilities of THB 32,925 million and total shareholders' equity of THB 18,830 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.75 and 1.55, respectively.

Yours faithfully,

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