

# Kaset Thai upbeat on Q4 ethanol revenue

## Biofuel gains to back core sugar business

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SET-listed Kaset Thai International Sugar Corporation Plc (KTIS) expects seasonal rising petrol demand in the last quarter of this year to boost its ethanol business

and help lift its revenue to support its core sugar business.

Chief executive Nathapun Siriviriyakul said the company sold 54.6 million litres of ethanol in the first nine months, up 10% from the same period last year, gaining around 1.2 billion baht of revenue from the biofuel business.

KTIS expects ethanol sales could rise to 70 million litres for all of 2016, making up 6% of Thai annual ethanol demand of 1.2 billion litres.

"The last quarter is when ethanol demand reaches its peak. Our ethanol production of 230,000 litres per day is expected to be sold out at rising prices, in line with higher petrol prices," he said.

KTIS operates its ethanol business through its fully-owned subsidiary, Ekarat Pattana Co (EPC), which produces ethanol from molasses, a byproduct derived from the sugar production process. The parent's sugar business ensures EPC is unlikely to have a raw material shortage.

The Energy Ministry recently warned about a possible shortage of ethanol that might have been caused by mismanagement among ethanol factories and a delay in molasses production this year. In response, the government set up a plan to prevent an ethanol shortage in cooperation with major oil retailers such as PTT Plc, Shell and Chevron.

However, industry officials said fears of insufficient molasses supply are about to subside as Thailand, the world's

second-largest sugar exporter, started its 2016/17 sugar-crushing season on Dec 6.

Thailand normally produces around 4 million tonnes of molasses a year. Some 1.2 million tonnes go to the liqueur industry and around 500,000 tonnes are exported, leaving around 2.5-2.7 million tonnes for the ethanol industry.

KTIS claims to have the country's highest sugar-crushing capacity of 88,000 tonnes a day, allowing it to develop other sugar-related businesses apart from ethanol.

It announced a plan earlier this year to increase its biobusinesses to cushion against future uncertainties in sugar prices.

KTIS posted a net loss of 118 million baht in the third quarter this year, compared with a net profit of 529 million year on year.

In the first nine months this year, the company had a net profit of 25.9 million baht, down from 1.2 billion last year.

KTIS shares closed yesterday on the SET at 7.25 baht, up 10 satang, in trade worth 2.33 million baht.

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