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KSL's Q2 drags on sugar dip

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Khon Kaen Sugar Industry Plc (KSL), the sugar miller and bioenergy producer, announced its financial performance in the second quarter from February to April dropped by 23% to 3.59 billion baht because of declining global sugar prices.

Chamroon Chinthammit, chief executive and president, said the average global sugar price declined by 31% to 13-14 cents per pound in early 2018, compared with 20 cents in early 2017, because the global sugar volume has increased and the Thai government has floated local sugar prices.

As a result, the average price for KSL's sugar dropped by 31% to 13,540 baht per tonne in the second quarter from 19,735 baht in the same period last year.

Total sugar production volume dropped by 9% to 160,774 tonnes in the second quarter from 177,461 tonnes year-on-year.

However, sugar cane input for sugar mill production rose by 61% to 11.3 million tonnes from 6.83 million tonnes a year ago, so KSL can better utilise capacity to trim down operation costs.

"Our gross margin in the second quarter was up to 26% from 17% in the same period last year, which is also reflected in net profit rising by 8% to 688 million baht from 640 million in the same quarter last year," said Mr Chamroon.

Last year KSL failed to win an auction for the small power producer (SPP) programme with a firm power purchase agreement, also known as SPP hybrid firms, to serve the state's power utilities.

KSL has three biomass power plants with a combined capacity of over 100 megawatts, which have independent power supply (self-dependent power-generation systems), so they cannot generate power for state utilities.

A source who requested anonymity said the Energy Regulatory Commission is open to granting licences for the development and operations of renewable power plants after selling to utilities a combined capacity of 300MW from September to December last year.

There were only 17 winners for the latest auction, with their operations just getting started.