

# KHON KAEN SUGAR INDUSTRY PLC

No. 149/2025  
11 September 2025

## CORPORATES

**Company Rating:** BBB+  
**Issue Rating:**  
Senior unsecured BBB+  
**Outlook:** Stable

**Last Review Date:** 13/09/24

### Rating History:

| Date     | Rating | Outlook/Alert |
|----------|--------|---------------|
| 13/09/24 | BBB+   | Stable        |
| 19/09/22 | BBB+   | Positive      |
| 28/09/20 | BBB+   | Stable        |
| 04/06/20 | A-     | Negative      |
| 04/09/19 | A-     | Stable        |
| 13/11/13 | A      | Stable        |
| 24/11/06 | A-     | Stable        |

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## RATIONALE

TRIS Rating affirms the company rating on Khon Kaen Sugar Industry PLC (KSL) and the rating on KSL's senior unsecured debenture at "BBB+" with a "stable" rating outlook. The ratings reflect KSL's long-standing presence in the sugar industry, its strategic diversification into sugar-related businesses, and its moderate financial profile. However, these strengths are offset by elevated leverage resulting from substantial capital expenditures (CAPEX) for a new sugar plant, as well as operational and litigation risks associated with the launching of the facility. The ratings also take into consideration the inherent volatility of sugar prices and sugarcane supplies, which continues to pose a challenge for the company.

## KEY RATING CONSIDERATIONS

### Sustained revenue during the forecast period

Despite a decline in sugar prices, KSL's operating revenue is expected to remain stable during the forecast years, supported by an increase in sugarcane crushing volume. In 2025, operating revenue is projected to be relatively flat compared to 2024. KSL's cane crushing volume in the 2024/2025 increased by 23% to 6.7 million tonnes from 5.4 million tonnes in the previous crop year. This growth was primarily driven by the commencement of operations of a new sugar mill in Sa Kaew together with favorable rainfall conditions. Meanwhile, raw sugar prices are expected to trend downward in 2025 to around 20 cents per pound (ct/lb), compared to the 2024 range of 19-24 ct/lb.

We maintain our assumption of favorable weather conditions in 2026-2027. Nationwide sugarcane output for the 2025/2026 and 2026/2027 crop years is forecast to increase to approximately 95-100 million tonnes. In addition to the rise in current crushing volume, we anticipate that the new sugar mill will double KSL's cane crushing capacity in 2026, following smoother operations after initial testing and trial runs in 2025. This increase in production is expected to help offset the impact of declining sugar prices, which are forecasted to fall to around 16 ct/lb in 2026 and 2027.

As a result, KSL's operating revenue is expected to range from THB16.0-THB17.5 billion annually in 2025-2027.

### Stable profitability with modest impact from newly commissioned plant

KSL's profitability is expected to remain stable over the forecast period, despite a temporary impact from the underperformance of its newly commissioned sugar mill in 2025. During its first year of operation, the plant underwent initial testing and operated at approximately 20% of its full capacity during the cane crushing season. However, performance is expected to improve from 2026 onward, and the impact on overall profitability in 2025 is likely to be relatively modest.

In 2026-2027, sugarcane crushing volume at the new facility is projected to double compared to 2025, supporting improved profitability. The EBITDA margin is forecast to stabilize within the range of 16%-17%, slightly below the 18% recorded in 2024. EBITDA is projected to range between THB2.7 billion and THB2.9 billion annually during 2025-2027.

## Power revenue expected to decline in 2027

KSL enhances the value of its sugar production by utilizing by-products for electricity generation and ethanol production. The company operates power plants at most of its sugar facilities, which not only reduce electricity costs during production but also generate additional revenue through electricity sales to the Provincial Electricity Authority (PEA) and the Electricity Generating Authority of Thailand (EGAT) under power purchase agreements (PPAs). Electricity sales contribute approximately 10% of KSL's total revenue.

However, electricity revenue is expected to decline in 2027, primarily due to the expiration of the company's PPA with EGAT at the end of 2026. This is projected to result in a 40% reduction in electricity-related income. The company is currently awaiting policy guidance from the government.

KSL also holds a 30% stake in BBGI PLC (BBGI), a producer of biodiesel and ethanol. The company sells its molasses solely to BBGI, with the resulting sales contributing approximately 10% of KSL's total operating revenue. In 2025, KSL also received dividend income from BBGI totaling around THB40 million. Similar annual dividend income is expected over the forecast period.

## Ongoing litigation

New Kwang Soon Lee Sugar Factory Company Limited (subsidiary), a subsidiary of KSL, has been named a co-defendant in a lawsuit filed against the Phak Kha Subdistrict Administrative Organization (SAO) and the Chief Executive of the Phak Kha Subdistrict Administrative Organization (Chief of SAO). The case involved 14 residents alleging that the construction, modification, or demolition permit (Form Aor.1) for the company's new sugar mill in Sa Kaeo Province was not issued according to legal requirements.

On August 14, 2025, the Rayong Administrative Court rendered its judgment, ordering the revocation of the construction, modification, or demolition permit (Form Aor.1) that SAO and Chief of SAO granted to the subsidiary. The company intends to file an appeal, as it maintains that the permit application was submitted in full compliance with all applicable laws and procedures.

The legal proceedings are expected to take a few more years to conclude. According to the management, the company will continue to operate the plant while the litigation proceeds.

## Leverage to rise in 2025 and gradually decline thereafter

We expect financial leverage to increase in 2025, due to the company's continuing investment in the new plant. The total project cost is approximately THB5.7 billion. Of this, around THB4.2 billion has already been incurred over the past two years. The remaining payments for the project include THB1.1 billion in 2025 and THB400 million in 2026.

Including regular maintenance CAPEX and expenditures for cane harvesters, total CAPEX is expected to total around THB1.5 billion in 2025, and approximately THB600-THB700 million per year during 2026-2027.

Given the ongoing investment in 2025, coupled with the fact that the new plant has only just begun initial operations and is not yet running at full capacity, financial leverage is expected to remain elevated. However, it should gradually decline in 2026-2027. The debt to EBITDA ratio is projected to reach around 7 times in 2025, before declining to approximately 6 times over the following two years.

## Manageable liquidity

KSL's sources of funds comprised cash on hand of THB330 million and undrawn uncommitted credit facilities of THB8.4 billion at the end of April 2025. Funds from operations (FFO) over the next 12 months are projected to be around THB1.8 billion.

Over the next 12 months, funds will be allocated to address maturing debt obligations totaling THB16.1 billion, consisting of THB13.5 billion short-term debt, THB2.6 billion long-term debt, and THB18 million lease liabilities. Most short-term borrowings, primarily utilized for working capital, are provided by multiple banks on a clean basis, with punctual payment records. Therefore, the rollover of short-term debt should not be of concern. The company's planned CAPEX is around THB740 million.

The key financial covenant on KSL's bank loans and debentures requires the company to maintain its interest-bearing debt to equity ratio below 2.0 times. The ratio at the end of April 2025 was 1.1 times. We believe the company will remain in compliance with the covenant over the next 12 to 18 months.

## Debt structure

As of April 2025, KSL's total interest-bearing debt stood at THB23.7 billion. This included THB7.3 billion in priority debt comprising unsecured debts at the subsidiary level. The priority debt to total debt ratio was 31%.

## BASE-CASE ASSUMPTIONS

- Operating revenue of around THB16.0-THB17.5 billion per annum during 2025-2027.
- EBITDA margin in the 16%-17% range during 2025-2027.
- Total capital spending of THB1.5 billion in 2025, largely for the construction of new plants, and investments of around THB600-THB700 million per annum during 2026-2027.

## RATING OUTLOOK

The “stable” outlook reflects the expectation that KSL’s relatively high leverage level will likely linger in the near term but gradually decline following the commissioning of its new sugar plant in 2025. We also expect the company’s operating performance and financial leverage to remain in line with our forecasts.

## RATING SENSITIVITIES

A rating upgrade could occur if KSL significantly increases its earnings and strengthens its balance sheet, to the extent that the debt to EBITDA ratio stays below 4 times on a sustained basis. On the contrary, a downgrade could occur if the company’s operating performance turns out to be materially weaker than our expectations, resulting in the debt to EBITDA ratio exceeding 7 times for an extended period.

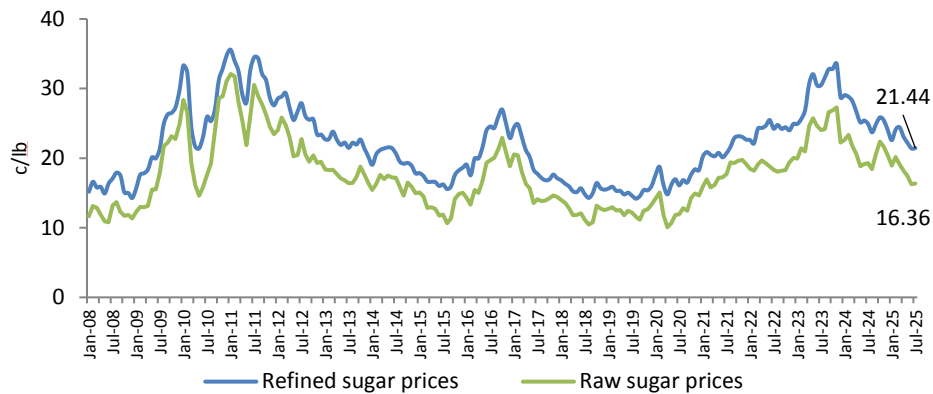
## COMPANY OVERVIEW

KSL is one of the leading sugar producers in Thailand, established in 1945 by the Chinthammit family and associates. As of April 2025, the Chinthammit family collectively held 75% of the company’s shares. The company owns and operates five sugar plants in Thailand, with a combined cane crushing capacity of 148,000 cane tonnes per day as of September 2025. The Chonburi plant, with a cane crushing capacity of 3,500 cane tonnes per day was closed in 2023 and operations relocated to a new plant in Sa Kaeo with a cane crushing capacity of 20,000 cane tonnes per day. KSL is also building a power plant in the same area in Sa Kaeo. The plants in Sa Kaeo commenced operations in the 2024/2025 crop year. KSL procured 6.7 million tonnes of sugarcane in the 2024/2025 crop year and produced 0.7 million tonnes of sugar. The company’s sugar production in the 2024/2025 growing season ranked third in the industry, with a market share of 7%, trailing Mitr Phol Group (22%) and Thai Roong Ruang Group (16.2%).

BBGI was established in October 2017 to produce bio-based products through a merger of KSL Green Innovation PLC (KGI), a subsidiary of KSL, and BBP Holding Co., Ltd. (BBH), a subsidiary of Bangchak Corporation PLC (BCP). BBGI is Thailand’s largest producer of biofuel with a total production capacity of 1,800,000 litres per day, consisting of 800,000 litres per day of ethanol and 1,000,000 litres per day of biodiesel. In March 2022, BBGI was listed on the Stock Exchange of Thailand (SET). The company received net proceeds of THB4.45 billion from the fundraising. KSL ultimately held 29.88% of BBGI, while BCP ultimately held 45%. On March 22, 2024, the Board of Executives of KSL passed a resolution to invest in an additional 1.68 million shares of BBGI. The investment was completed on June 20, 2024, increasing the company’s shareholding to 30.00%.

## KEY OPERATING PERFORMANCE

Chart 1: Raw Sugar Prices Worldwide



Note: Monthly prices of Futures Contract No. 11

Source: New York Board of Trade, United States Department of Agriculture (USDA)

Table 1: Sugar Production in Thailand

Unit: Mil. tonnes

| Sugar Producers  | Growing Season |               |               |               |               |
|------------------|----------------|---------------|---------------|---------------|---------------|
|                  | 2020/<br>2021  | 2021/<br>2022 | 2022/<br>2023 | 2023/<br>2024 | 2024/<br>2025 |
| Mitr Phol        | 1.68           | 2.34          | 2.36          | 2.11          | 2.21          |
| Thai Roong Ruang | 1.24           | 1.45          | 1.82          | 1.26          | 1.62          |
| KSL Group        | 0.53           | 0.70          | 0.75          | 0.57          | 0.70          |
| Thai Ekkalak     | 0.47           | 0.64          | 0.80          | 0.51          | 0.67          |
| Wangkanai        | 0.24           | 0.36          | 0.50          | 0.33          | 0.39          |
| Eastern Sugar    | 0.34           | 0.36          | 0.42          | 0.38          | 0.37          |
| Khonburi         | 0.23           | 0.31          | 0.35          | 0.28          | 0.34          |
| Kumpawapee       | 0.17           | 0.29          | 0.22          | 0.17          | 0.24          |
| Buriram          | 0.22           | 0.29          | 0.24          | 0.28          | 0.26          |
| Bangpong         | 0.27           | 0.28          | 0.32          | 0.21          | 0.25          |
| Others           | 2.44           | 3.16          | 3.27          | 2.71          | 3.00          |
| <b>Total</b>     | <b>7.59</b>    | <b>10.15</b>  | <b>11.06</b>  | <b>8.81</b>   | <b>10.05</b>  |

Source: Office of the Cane and Sugar Board (OCSB)

Table 2: KSL's Revenue Breakdown by Business

Unit: %

| Products             | 2021       | 2022       | 2023       | 2024       | Nov 2024-<br>Apr 2025 |
|----------------------|------------|------------|------------|------------|-----------------------|
| Sugar sales          |            |            |            |            |                       |
| - Thailand           | 79.2       | 83.6       | 82.3       | 81.9       | 79.5                  |
| - Lao PDR & Cambodia | 4.0        | 3.3        | 3.7        | 2.9        | 1.9                   |
| Electricity sales    | 11.3       | 8.3        | 9.2        | 9.6        | 10.7                  |
| Services and others  | 5.5        | 4.8        | 4.8        | 5.6        | 7.9                   |
| <b>Total sales</b>   | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b>            |

Source: KSL

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\*

Unit: Mil. THB

|  | Nov 2024 –<br>Apr 2025 | -----Year Ended 31 October ----- |        |        |        |
|--|------------------------|----------------------------------|--------|--------|--------|
|  |                        | 2024                             | 2023   | 2022   | 2021   |
| Total operating revenues   | 7,448                  | 16,684                           | 18,604 | 16,549 | 10,660 |
| Earnings before interest and taxes (EBIT)                                | 769                    | 1,975                            | 1,713  | 2,180  | 1,171  |
| Earnings before interest, taxes, depreciation, and amortization (EBITDA) | 1,602                  | 2,989                            | 2,844  | 3,550  | 1,809  |
| Funds from operations (FFO)  | 1,191                  | 2,308                            | 2,239  | 3,058  | 1,376  |
| Adjusted interest expense  | 323                    | 664                              | 479    | 433    | 428    |
| Capital expenditures   | 1,117                  | 4,031                            | 941    | 194    | 220    |
| Total assets   | 51,471                 | 43,568                           | 39,798 | 41,650 | 41,521 |
| Adjusted debt  | 23,651                 | 18,177                           | 14,423 | 16,660 | 18,558 |
| Adjusted equity  | 22,145                 | 22,166                           | 21,577 | 21,363 | 20,112 |
| <b>Adjusted Ratios</b>   |                        |                                  |        |        |        |
| EBITDA margin (%)  | 21.5                   | 17.9                             | 15.3   | 21.5   | 17.0   |
| Pretax return on permanent capital (%)**                                 | 3.0                    | 5.1                              | 4.6    | 5.7    | 3.0    |
| EBITDA interest coverage (times)   | 5.0                    | 4.5                              | 5.9    | 8.2    | 4.2    |
| Debt to EBITDA (times)**   | 9.4                    | 6.1                              | 5.1    | 4.7    | 10.3   |
| FFO to debt (%)**  | 7.9                    | 12.7                             | 15.5   | 18.4   | 7.4    |
| Debt to capitalization (%)   | 51.6                   | 45.1                             | 40.1   | 43.8   | 48.0   |

\* Consolidated financial statements

\*\* Annualized with trailing 12 months

## RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

## Khon Kaen Sugar Industry PLC (KSL)

|  |        |
|--|--------|
| <b>Company Rating:</b>   | BBB+   |
| <b>Issue Rating:</b>   |        |
| KSL27DA: THB2,000 million senior unsecured debentures due 2027 | BBB+   |
| <b>Rating Outlook:</b>   | Stable |

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