



# COMPANY PRESENTATION

## Opportunity Day - Quarter 3/2019

MONDAY, DECEMBER 16, 2019



# AGENDA



**I. BRR in Brief**

**II. 9M19 Operating Results**

**III. Sugar Situations**

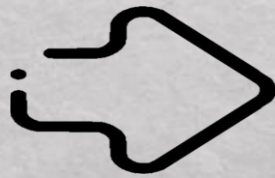
**IV. Investment Update**

**V. Q&A**

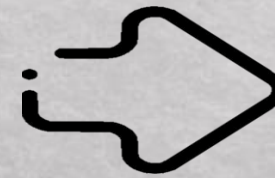
# Business Overview



Cane 1 ton

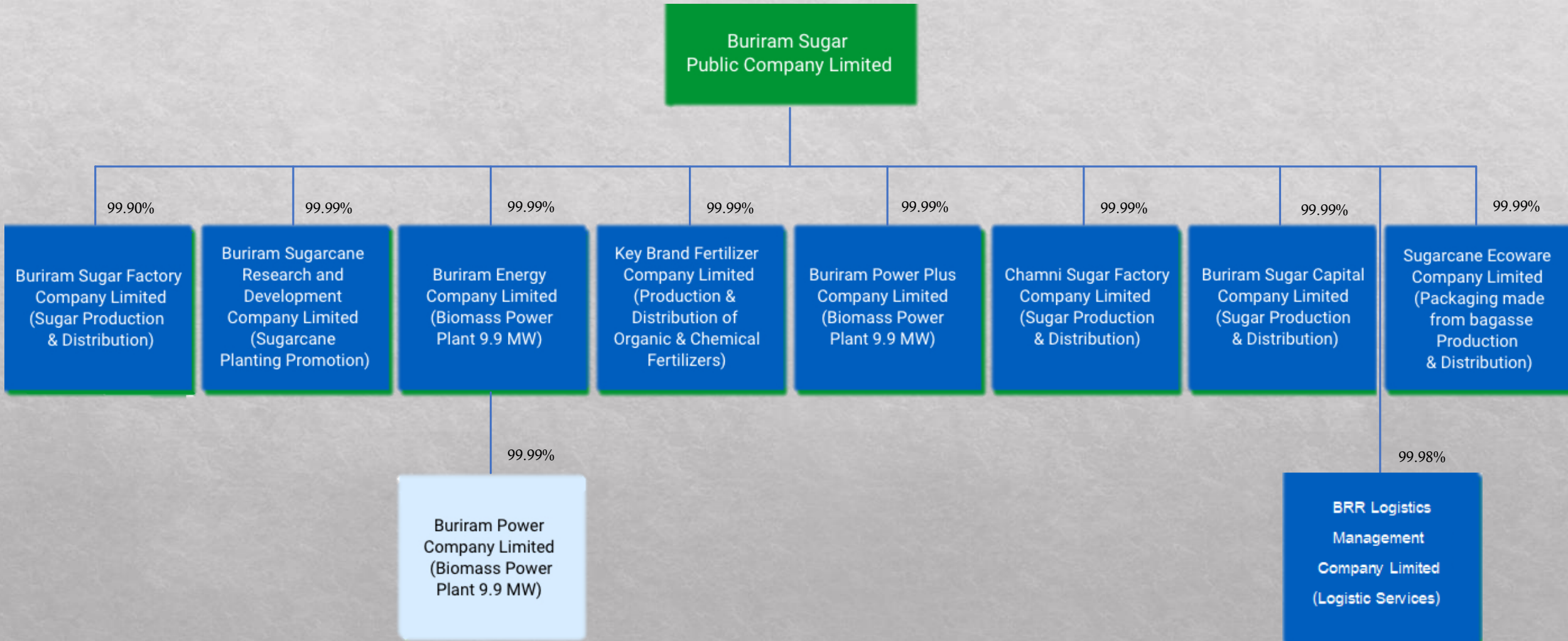


Sugar Factory



| Main Business   |  |
|---|--|
| Raw and brown sugar<br><br>105 - 118 kg. | Molasses<br><br>40 - 45 kg.                   |
| By-product Business   |  |
| Bagasse<br><br>250 - 260 kg.             | Electricity Business<br><br>111.6 - 116.1 kWh |
| Filter Cake<br><br>40-50 kg.           | Fertilizer Business<br><br>30 - 35 kg.      |

# Company Structure



# Management Structure



**Mr. Anant Tangtongwechakit**  
Chief Executive Officer / Managing Director



**Mrs. Jirawan Pongpichitkul**  
Senior Deputy Managing Director  
(Domestic Investment: Agricultural Business)



**Ms. Chittima Tangtrongwechakit**  
Senior Deputy Managing Director  
(Domestic Investment: Commercial)



**Mr. Sarit Tangtrongwechakit**  
Senior Deputy Managing Director  
(International Investment)



**Mr. Adisak Tangtrongwechakit**  
Senior Deputy Managing Director  
(Domestic Investment: Energy Business)



**Mr. Somyot Changyongsuwan**  
Assistant Managing Director  
(Accounting Controller)



**Mr. Pitak Chaosoun**  
Deputy Managing Director /  
Chief Financial Officer



**Mr. Adul Suravudhikul**  
Deputy Managing Director  
(Financial Management and CRO)

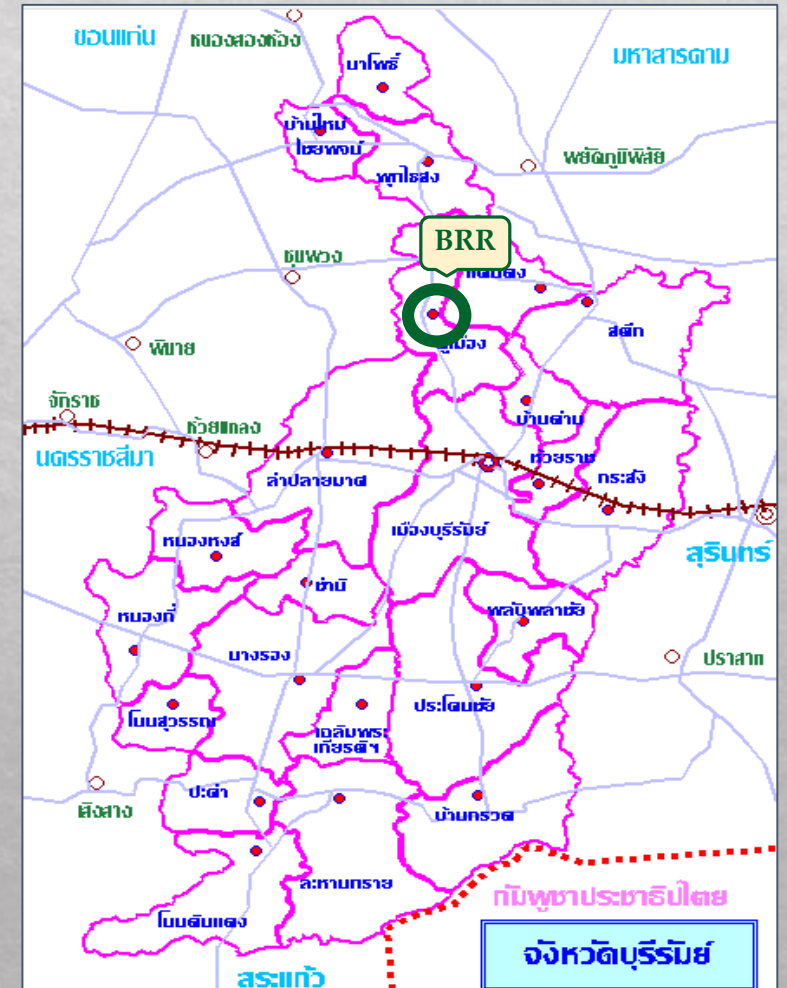


**Mr. Pattarapong Pongsawasdi**  
Deputy Managing Director (Foreign Affair) /  
Investor Relations

# BRR in brief



- ❖ Pioneer of sugar factory in the Northeast
- ❖ Exceptional sugarcane field management system
- ❖ The nation's Third highest sugar yield at 119 kg/ton in 2018/19 crop year, national average at 109 kg/ton.
- ❖ Strong ties with 13,000 contracted sugarcane growers
- ❖ Potential for by-products further development



# Cane fields within 40 km radius



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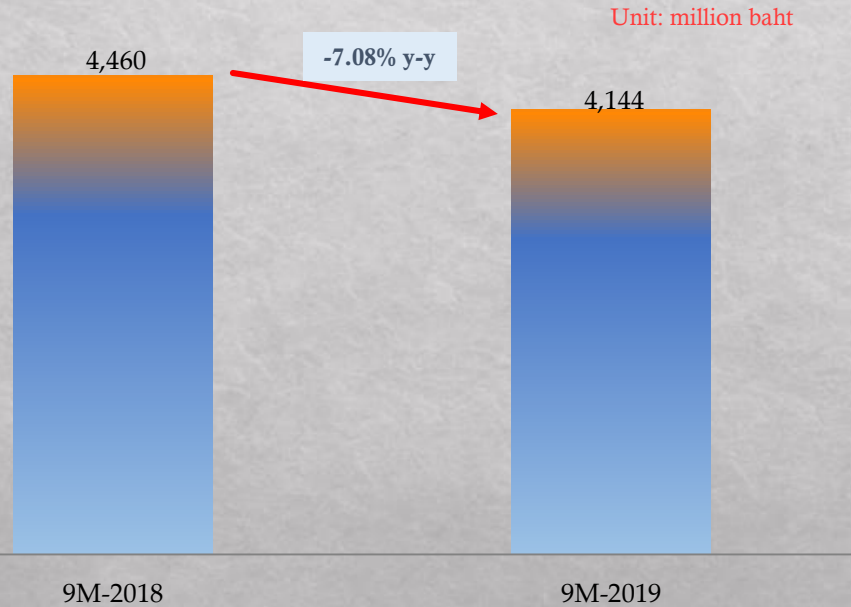
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# 9M19 Performance Recap

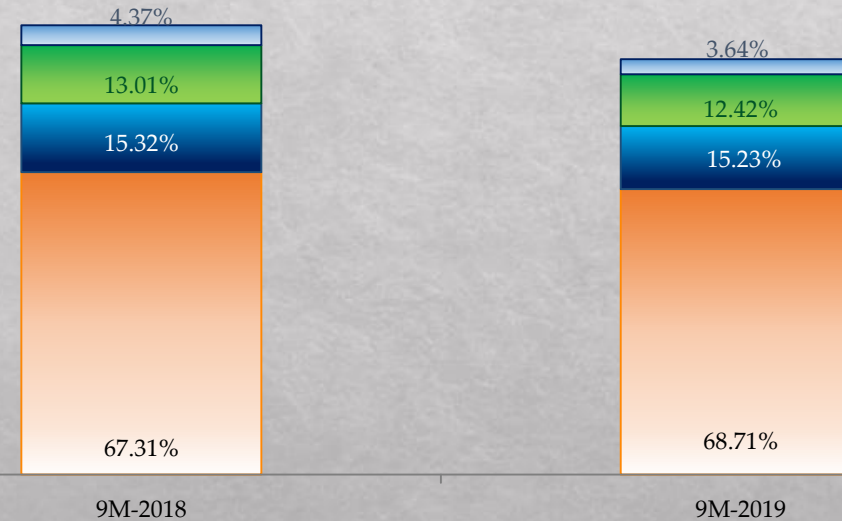


## Total Revenue



## Revenue Breakdown

Legend: Sugar (Orange), Electricity (Dark Blue), Fertilizer (Green), Other (Light Blue)



9M19 posed lower revenues compared to 9M18, primarily because of sugar export price and category.

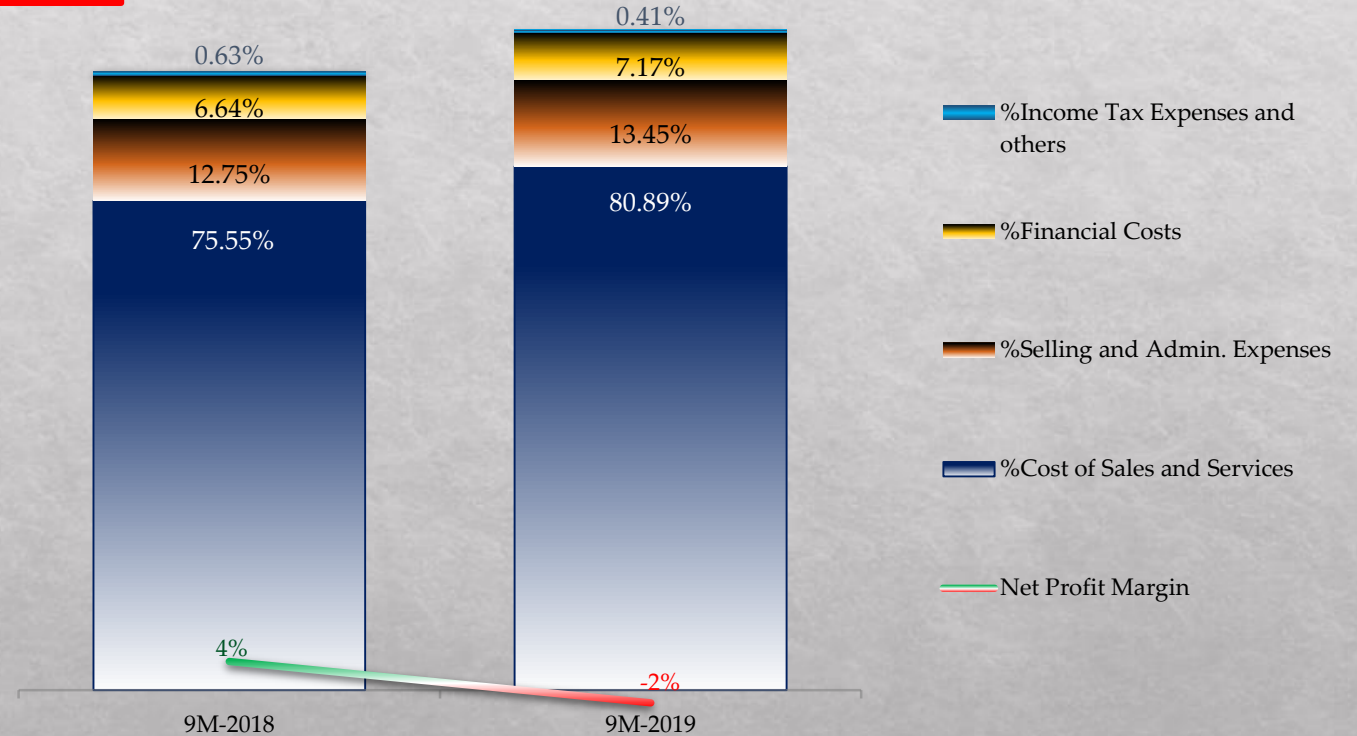
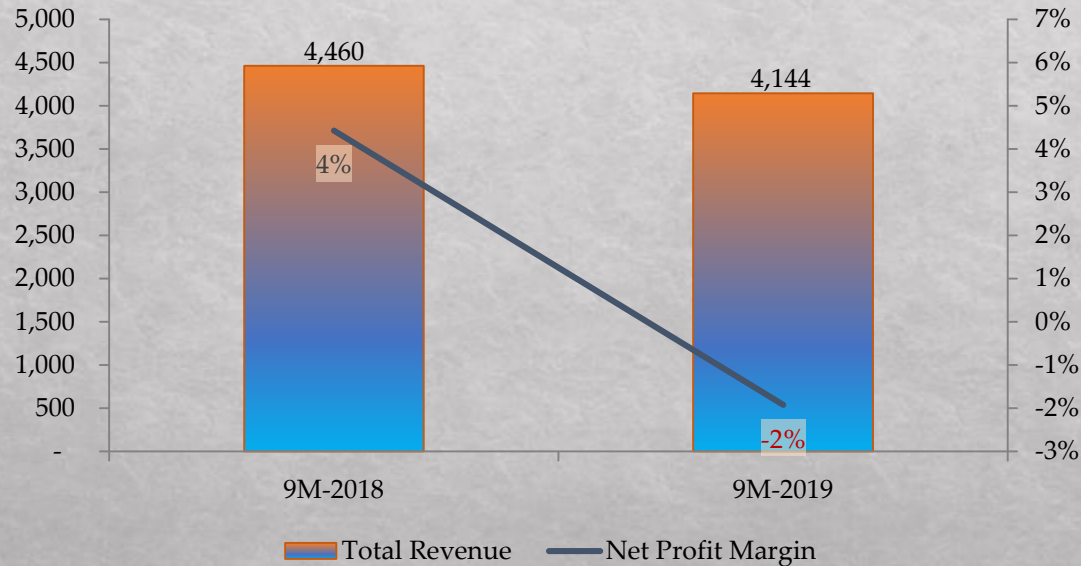
น้ำตาลสร้างกำไร *Sugar Made in the Field*

# 9M19 Performance Recap



## Financial Highlight

Unit: million baht



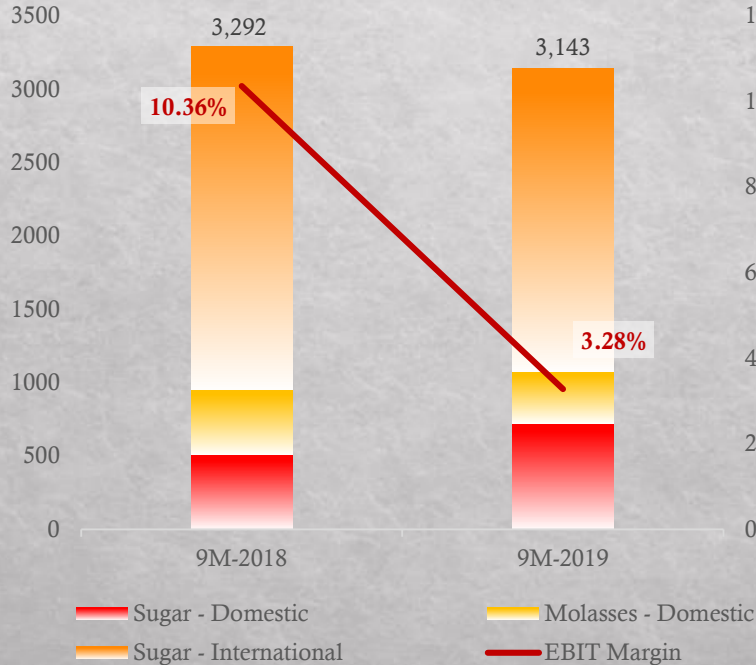
9M19 reported lower net profit margin compared to 9M18 due to higher costs and expenses especially cost of sales and services that increased almost 5% from 9M18.

# Subsidiaries Performance



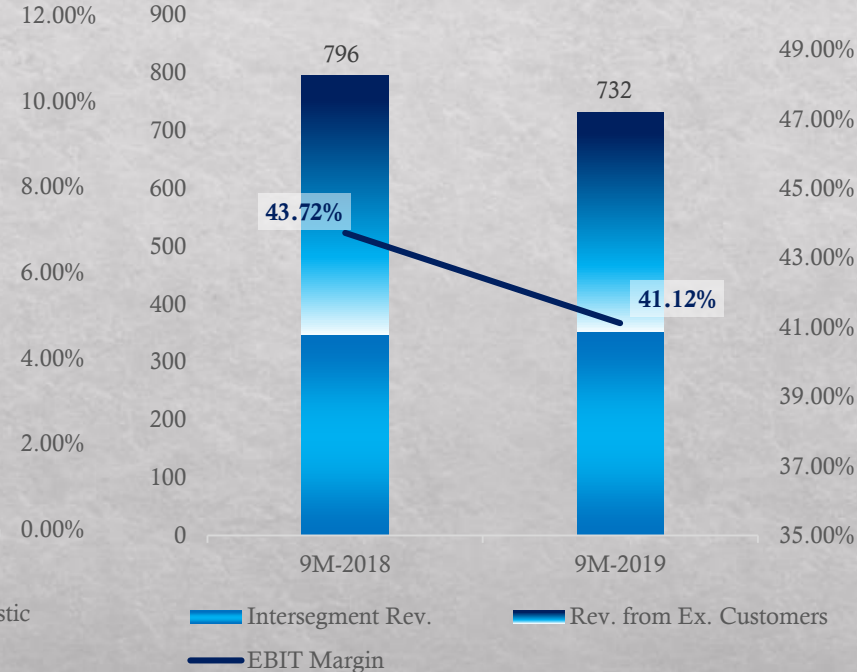
## Sugar Business

Unit: million baht



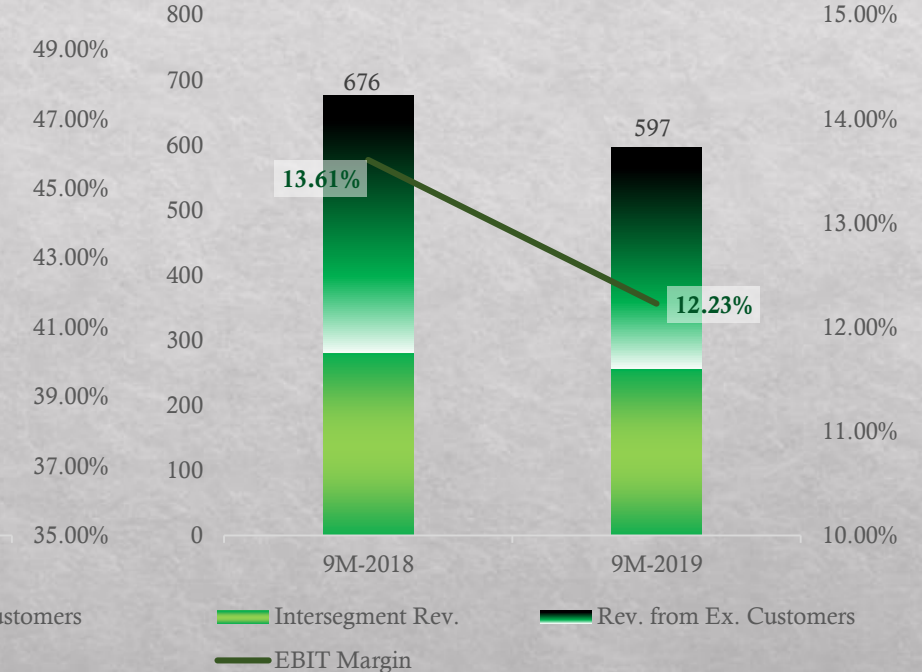
## Electricity Business

Unit: million baht



## Fertilizer Business

Unit: million baht



9M19 reported lower EBIT margin compared to 9M18 due to higher raw material cost for electricity business, loss in refinery production process for the 1st year production, and effects from drought on lower than expected sale of fertilizer business.

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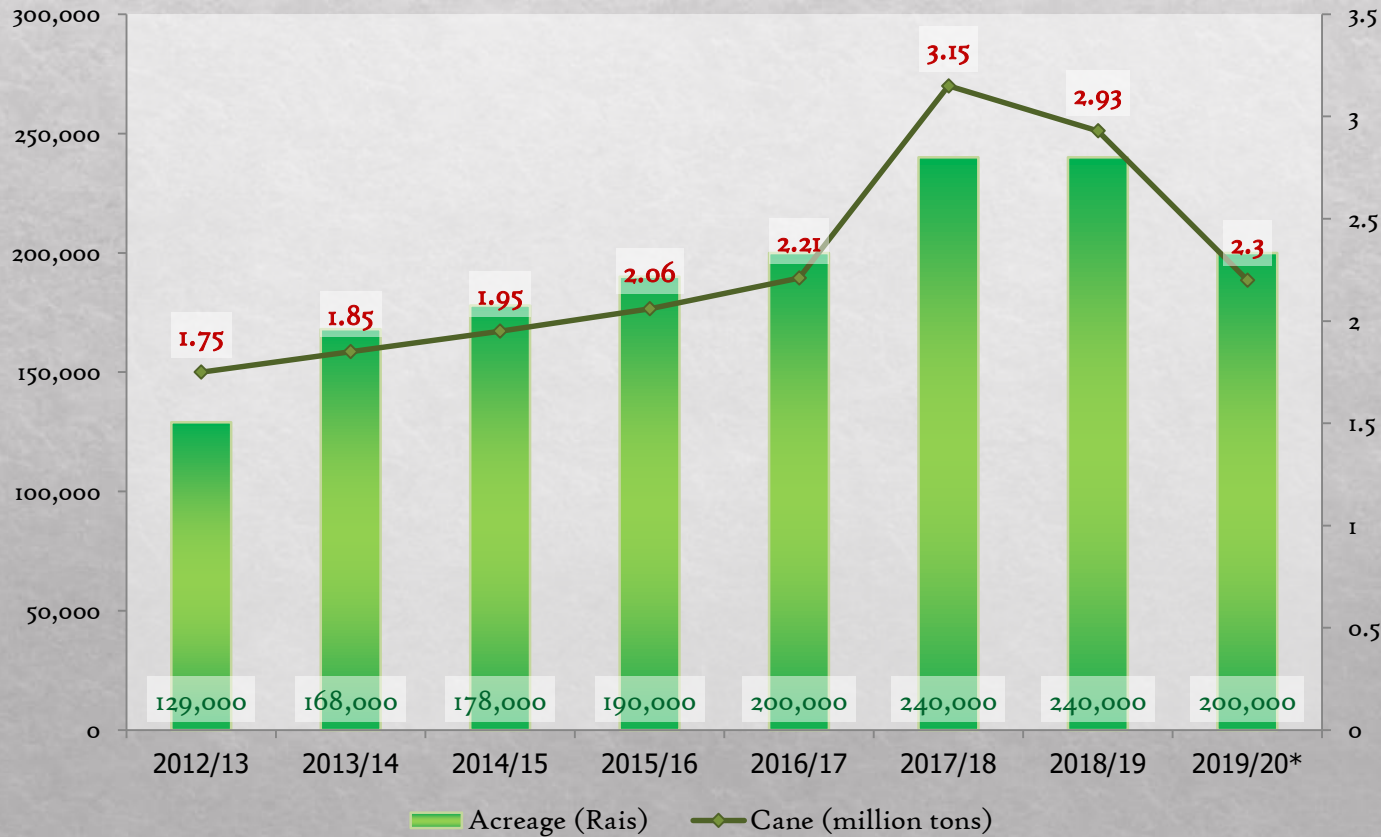
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# Continuous Growth



**ACREAGE / CANE CROP**



**Yield (Ton/Rai)**



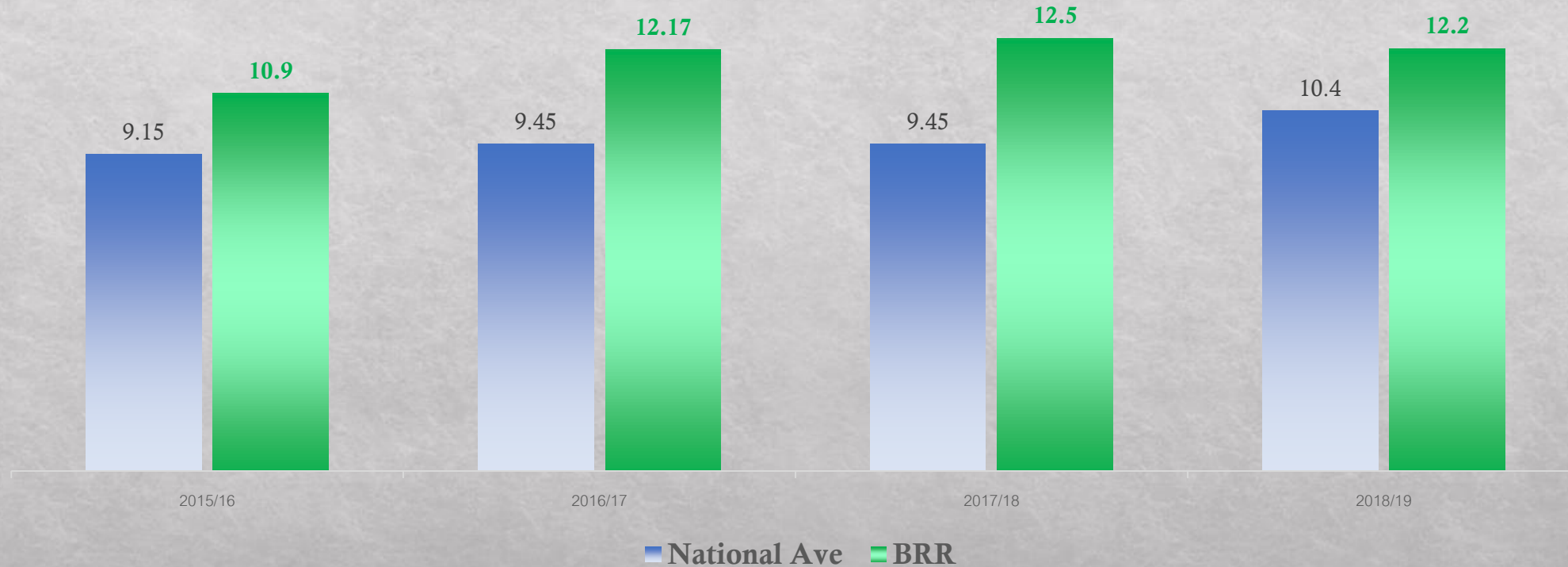
Crushing update for 2019/20

- Started from Dec 1, 2019, has crushed 138,843 tons, sugar 11,187.90 MT

# Cane Yield Efficiency

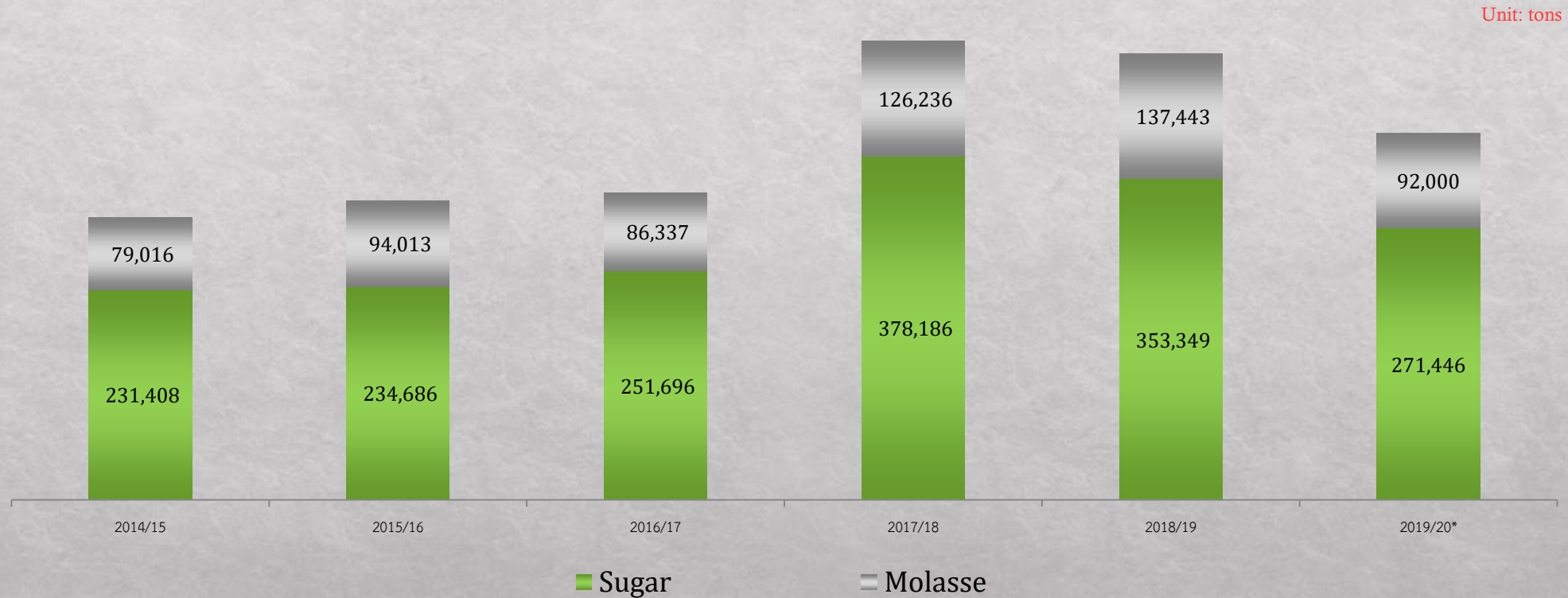


Ton/Rai



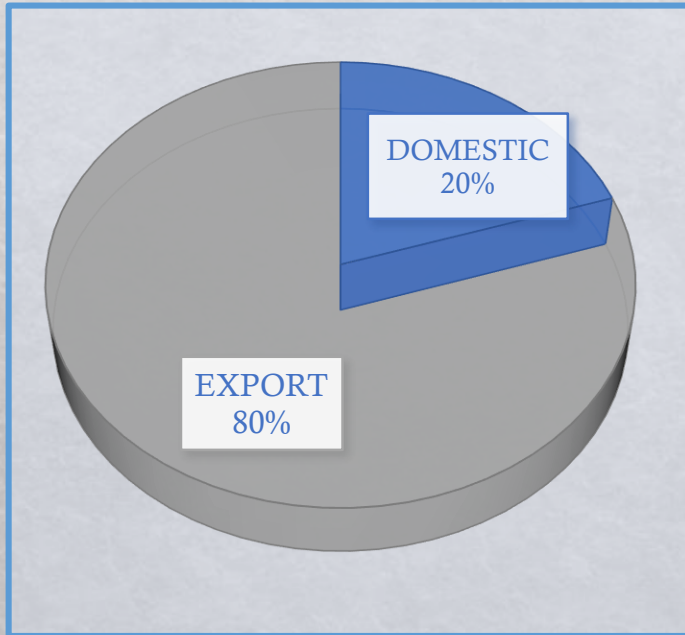
BRR cane yield is above national average by 19%, 29%, 32% and 17% in four crop years respectively due to the favorable weather as well as farm management.

# Production Efficiency

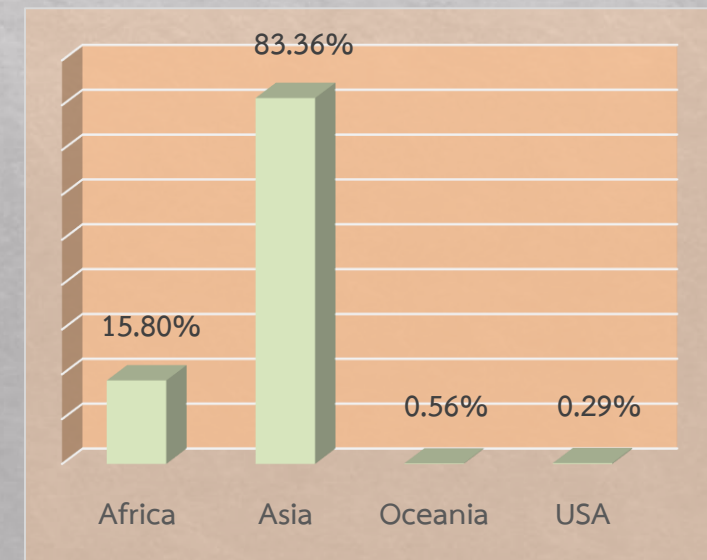
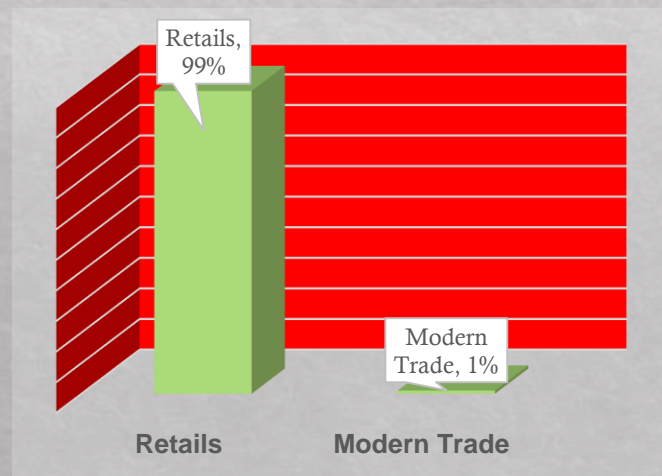
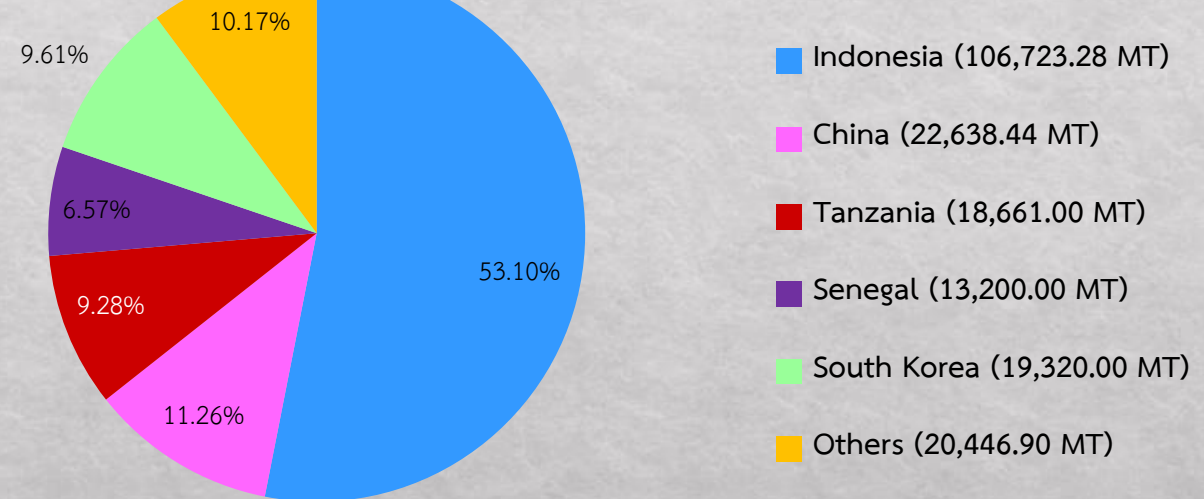


Forecasting 2019/20, BRR would crush 2.30 million ton cane, produce sugar 271,446 MT and molasses 92,000 MT, the reducing cane volume caused by effect from drought as well as lower cane price.

# Market Segment



Sugar Export Destination 2018/19

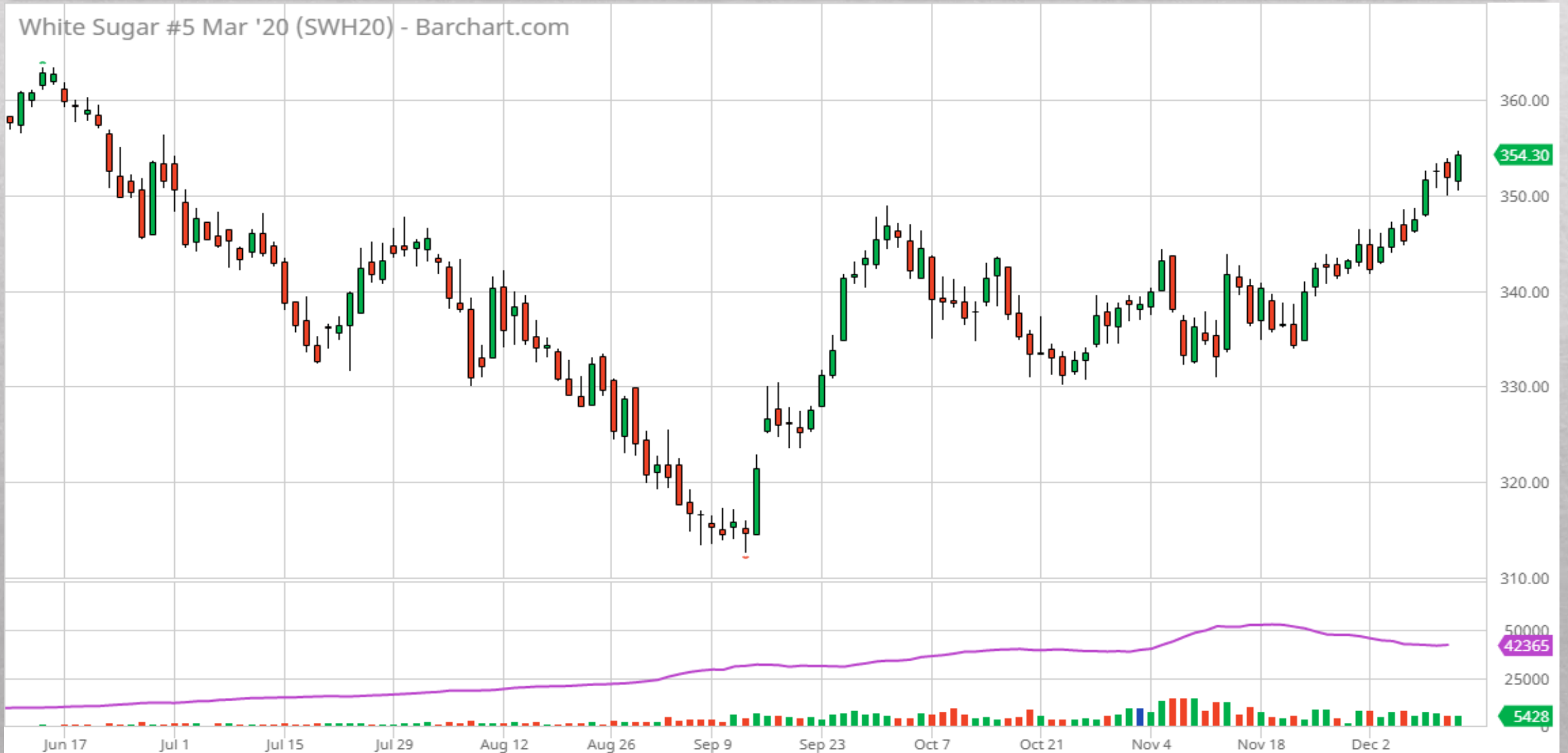




# Sugar Price : NY No. 11, Mar 20 (Dec 13, 2019)



# Sugar Price : London No. 5, Mar 20 (Dec 13, 2019) BRR



# WORLD SUGAR SITUATION



- ✓ Experts agreed that the preference for ethanol in Brazil should cut supply of sugar by 2 million MT, sugar production should stay around 26 - 27 million MT.
- ✓ The United States is facing a “frightening” sugar crisis as a result of the unstable weather that has damaged crops and forced the country to increase imports. Heavy rainfall, snow and off-season cold affect sugarcane and sugar beet crops in major states this year. On Tuesday, the US Department of Agriculture (USDA) once again cut estimates for US production: total production is forecast to fall 8% from last season to 7.5M MT. Because of problems in domestic production, the US will be forced to increase sweetener imports, and the USDA has increased its projected purchases by 22%. But getting these remittances may not be an easy task, even after the government has already intervened to secure the supply.
- ✓ High demand for ethanol over the past two years and prospects for growth have affected the way mills direct their raw material. In 2017/18, for example, 53.5% of sugarcane was directed to ethanol production. In the following crop, the index rose to 64.8% . And in the accumulated from 2019/20 until the first half of November, this value already reaches 65.2%. This strategic decision also affects the direction of investments in the sector.

# WORLD SUGAR SITUATION - 2



- ✓ Due to the drought since December 2018 to April 2019 coupled with competition from other crops – cassava, corn and rice, cane volumes for 2019/20 nation-wide are expected to be around 105 +/- million tons or 21.6% lower than 2018/19.
- ✓ **Initial projection for 2019/20 crop year:**
  - + Lower Thai production;
  - + Lower Australian production;
  - + Lower Pakistan export;
  - + Possible EU and US rising import;
  - India still surplus despite the possible weather problem; and
  - +/- Brazil's ethanol parity to sugar.

# BEAR vs BULL

## Bearish factors



- 1) US – China trade war
- 2) Geo – political instability affecting oil & currencies
- 3) India's sugar stock to be exported 1
- 4) Big release of China domestic stocks rather than increase raw imports in 2020



## Bullish factors

- 1) Emerging market currencies and oil rebound
- 2) Ethanol surprises in India and Brazil sugar output below 22 million MT
- 3) India exports program disappointment
- 4) Asian crops shrinking further

# Global Production Estimated



## Global Production Estimated 2018/19 & 2019/20

Unit: Million MT

|               | 2018/19 | 2019/20 |
|---------------|---------|---------|
| ISO           | + .64   | - 6.12  |
| F.O. Licht    | - .59   | - 6.53  |
| Marex         | - 1.05  | na      |
| Datagro       | - 1.58  | na      |
| Kingsman      | na      | - 6.16  |
| INTL FC Stone | -.7     | - 7.7   |

## Production Estimated by Countries 2018/19 & 2019/20

Unit: Million MT

| Countries  | 2018/19 | 2019/20 |
|------------|---------|---------|
| Australia  | 4.5     | 4       |
| C/S Brazil | 26.6    | 27      |
| China      | 10.4    | 10.4    |
| EU         | 17.1    | 17.3    |
| India      | 33      | 26 - 27 |
| Thailand   | 14.5    | 12      |

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# Sugar Refinery Project



- ✓ The 1,000 tons/day sugar refinery project was already completed. This year (2019/20) has plan to improve the productivity.
- ✓ Products:
  - ▶ Refined Sugar
  - ▶ White Sugar





# Bio-Degradable Package Project



- ✓ Company: Sugarcane Ecoware Co., Ltd.
- ✓ Project: Produce bio-degradable packages from bagasse
- ✓ Estimated investment Cost: 350 Million THB
- ✓ Current status & timing of project: under the test run and to commencement by February 2020

## Testing run...



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