

KTIS profits up on sugar surge



A KTIS production plant in Nakhon Sawan province. Rising sugar production is expected to help the company capitalise on growing global sugar prices.

Prices rise as demand starts to see recovery

POST REPORTERS

SET-listed Kaset Thai International Sugar Corporation Plc (KTIS) says its sugar production has seen a 30% rise this year due to better yield, allowing the company to reap higher profits from its core business and other byproducts.

Deputy chief executive Nathapun Siriviriyakul said the company recently finished its 2016-17 sugar crushing season, producing 940,000 tonnes of sugar from 8.7 million tonnes of sugar cane.

That was a 30% rise in sugar production compared with the previous 2015-16 crop, he said.

"We are very satisfied this year as production of sugar cane and sugar rose in the same direction, reflecting the quality of our sugar farming process and crushing technology," said Mr Nathapun.

KTIS's sugar production mirrored the nationwide trend. During that period,

Thailand produced 10 million tonnes of sugar from 93 million tonnes of sugar cane, due to better sugar yield from sugar cane, according to the Thai Sugar Millers Corporation Ltd.

Rising sugar production is expected to help KTIS capitalise on growing global sugar prices.

Global sugar prices have dropped substantially over the past several years from a record high of 36 US cents per pound in 2012 to as low as 11 cents late last year, as the weak global economy cut demand at a time when supply was higher.

The price of benchmark New York raw sugar, which sets global trends, has risen nearly 50% from a record low to around 16 cents at present, as demand has started to recover.

But global sugar prices may remain volatile, with rising prices encouraging farmers worldwide to produce more sugar cane to reap greater profits, potentially leading to oversupply.

Global sugar production could jump by 13 million tonnes in the next 2017-18 crop as the EU, India and Thailand ramp up output, according to a forecast from E.O. Licht, an independent commo-

ties consultancy.

E.O. Licht forecasts that world sugar output will reach 190 million tonnes compared with 177 million tonnes in 2016-17, causing the global sugar market balance to turn into a surplus of 2.8 million tonnes after two years of deficits.

Apart from sugar, KTIS also expects to have rising revenue from other sectors, including ethanol and biomass power.

KTIS posted a net loss of 512 million baht in 2016, a reversal from a net profit of 729 million in the previous year.

KTIS shares closed Friday on the Stock Exchange of Thailand at 7.10 baht, up 15 satang, in trade worth 1.76 million baht.