

May 8, 2019

Subject: Management Discussion and Analysis for the first quarter ending 31 March 2019

**To: The President
Stock Exchange of Thailand**

Univanich Palm Oil PCL hereby submits a discussion and analysis of the financial statements of the company and its subsidiaries for the first quarter ending 31st March 2019.

The first quarter of 2019 consolidated net profit after tax of **Baht 35.72 million** was 76.6% lower than Baht 152.43 million in the same period of the previous year. The main factors leading to this lower result were:

1. High palm oil stocks of 33,719 mt were on hand at the end of Q1, awaiting export shipments in Q2. These stocks which increased by 25,197 mt during the quarter, have been recorded at cost and actual value will not be realised until shipment is made.
2. Mainly as a result of the high palm oil stocks at the end of the quarter, total palm oil sales volume was 45.3% lower than in the same quarter of last year.
3. Production of palm oil was 6.4% lower than in the same period of last year as two of our five factories were closed for annual maintenance during the first quarter. Production from our own estate increased by 8.6% over the same period of last year.
4. The average selling price of Crude Palm Oil (CPO) was 20.7% lower and Palm Kernel Oil (PKO) was 40.0% lower than in the same period of last year. These very low prices are as a result of high palm oil production throughout the Asian region and very high global stocks. During the first quarter domestic palm oil prices declined to equal export prices and Univanich committed most our production for export.
5. Seed and Seedlings sales reduced by 40.6% and 68.2% respectively as new planting everywhere slowed in response to the very low palm oil prices which have reached a 12-year low in a typical commodity cycle.
6. As a result of new Thai Accounting Standard (TAS# 41) a net loss of Baht 17.65 million was recorded in this first quarter, due to the lower value of fruit on palms and seedlings in nurseries.
7. Our Philippine joint venture subsidiary, Univanich Carmen Palm Oil Corporation, achieved a first quarter profit of Baht 3.21 million.

Overall gross margin in the first quarter decreased from 16.1% to 14.3% mainly due to the TAS#41 accounting loss of Bt 17.65 million, lower palm oil sales and lower crushing margins.

Earnings per share from the consolidated net profit of Baht 35.72 million were Baht 0.04 per share.

Yours faithfully,
Univanich Palm Oil Public Co., Ltd.

John Clendon
Managing Director

cc: The Secretary-General
The Securities and Exchange Commission