

August 8, 2019

**Subject: Management Discussion and Analysis for the second quarter and half year ending 30 June 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 second quarter and half year ending 30<sup>th</sup> June 2019.

For the second quarter, consolidated profit after tax of Baht 240.11 million, was 117.6% higher than Baht 110.35 million in the same quarter of last year. This was mainly due to the much higher fruit volumes and the delayed sale of first quarter production awaiting export shipment. The higher production and sales volume compensated for the very low palm oil prices, as explained in the following commentary of the first half year result.

For the first half year, the consolidated net profit after tax of **Baht 275.83 million** was 5.0% higher than Baht 262.79 million in the same period of the previous year. The main factors contributing to this higher result were :

1. Production of palm oil increased by **19.6%** over the first half of last year. This was due to 40.2% more palm fruit from our own plantations and 13.0% more fruit purchased from outside growers. The higher seasonal production was due to good rainfall distribution throughout the region and new production from young palm areas.
2. The average selling price of crude palm oil was **19.4% lower** than in the first half of last year. The average price of palm kernel oil was **43.5% lower**. These very low palm oil prices were due to the high seasonal production and very high palm oil stocks around the Asian region. Our inventory of palm oil stocks increased by 6,473 tonnes during the first half year.
3. Seed and seedlings sales volume was 29.3% lower than in the first half of last year as the industry's new planting slowed in response to the very low global palm oil prices which had reached a 12-year low in the commodity cycle.
4. As a result of Thai Accounting Standard, Agriculture (TAS #41) there was a net reduction of Baht 9.41 million in the first half of 2019, compared to a net reduction of Baht 16.22 million in the same period of last year. This reflected the higher volume of fruit on the palms and seeds in production.
5. Our Philippines joint venture subsidiary, Univanich Carmen Palm Oil Corporation, contributed a profit of Baht 5.53 million compared to a contribution of Baht 4.23 million in the same period of last year. In Philippines too, increasing fruit volumes compensated for the very low palm oil prices.

Overall, gross profit margin for the first half of 2019 increased from 15.0% to 19.9% due to the much higher palm oil volumes, lower direct factory costs due to deferred annual maintenances during the high-production season and the economies of scale resulting from the increase in production volumes.

Earnings per share from the consolidated net profit of Baht 275.83 million for the first half year 2019 were **Baht 0.29 per share**, compared to Baht 0.28 per share in the first half of the previous year.

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

John Clendon  
Managing Director  
cc: The Secretary-General  
The Securities and Exchange Commission