

August 14, 2018

Subject: Management Discussion and Analysis for the second quarter and half year ending 30 June 2018

**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 30th June 2018.

For the second quarter, consolidated profit after tax of Baht 110.35 million, was 24.3% lower than Baht 145.83 million in the same quarter of last year, mainly due to increased depreciation on two new factories, lower palm oil prices, and lower fruit processing margins. Factory maintenance costs were Baht 26.3 million higher than in the same quarter of last year due to a re-scheduling of some annual maintenance shutdowns during this lower crop period.

For the half year ending 30th June, the consolidated net profit after tax of **Baht 262.79 million** was 8.5% higher than Baht 242.28 million in the same period of the previous year. The main factors contributing to this higher result were:

1. Fruit production from our own plantations was **27.6% higher** and fruit purchased from outside growers was **25.0% higher** than in the previous year. The higher fruit volumes particularly in the first quarter were due to recovery from dry El Nino weather together with the acquisition of the company's fourth crushing mill in May 2017 and the company's fifth crushing mill which began buying fruit in January 2018.
2. Production of Crude Palm Oil (CPO) was **27.9% higher** and Palm Kernel Oil (PKO) was **23.0% higher** than in the previous year, due to the increased fruit volumes described above. The two additional crushing mills have increased the company's crushing capacity from 150 to 240 tonnes fruit per hour.
3. Total palm oil sales volume was **85.8% higher** than in the same period of last year. This as a result of higher production volumes and increased purchases of third party oil for export. The average selling price of Crude Palm Oil (CPO) was **29.9 % lower** than in the same period of last year. The Palm Kernel Oil (PKO) price was **19.3 % lower** for the same reasons of high production and very high stocks which have depressed palm oil prices on world markets.
4. As a result of Thai Accounting Standard, Agriculture (TAS #41), there was a net reduction of Baht 16.22 million in the first half of 2018 compared to a net gain of Baht 11.60 million in same period of last year. This due to a lower number of fruit bunches recorded on the palms at the end of June 2018.
5. Our Philippines subsidiary, Univanich Carmen Palm Oil Corporation, achieved a profit of Baht 4.23 million compared to a loss of Baht 1.72 million in the same period of last year. Fruit volumes have increased following recovery from the El Nino weather and from an increasing supply from new plantings of young palms in North Cotabato Province.

Overall, the profit margin for the first half of 2018 decreased from 17.1% to 15.0% due to higher depreciation charges for the two new factories, higher factory maintenance costs incurred during the period and the reduction from TAS# 41 accounting standard.

Earnings per share for the first half year 2018 were **Baht 0.28 per share**, compared to Baht 0.26 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