

November 14, 2019

**Subject: Management Discussion and Analysis for the third quarter and for the nine month period ending 30 September 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 third quarter of 2019 and for the nine months ended 30<sup>th</sup> September 2019.

In the third quarter the company recorded a profit of Baht 0.44 million compared to a loss of Baht - 9.77 million in the same quarter of last year. This quarter's disappointing result was mainly due to the high cost of purchase fruit relative to volatile palm oil prices which were influenced by EGAT purchases in support of the very depressed palm oil prices.

For the nine months ending 30<sup>th</sup> September the company's consolidated net profit of Baht 276.26 million was 9.2% higher than Baht 253.02 million in the same period of last year. The main factors contributing to this higher result were:

1. Production of palm oil increased by **14.7%** over the same nine months of last year. The higher production particularly in the first half of the year was due to good rainfall distribution and new production from young palms around the region.
2. The average selling price of crude palm oil was **17.9% lower** than in the same period of last year and 36.8% lower than two years ago. The average price of palm kernel oil was **43.0% lower** than last year and 52.7% lower than two years ago. These very low palm oil prices were due to the high seasonal production and very high palm oil stocks around the Asian region.
3. Seed and seedlings sales volume was 40.4% lower than in the same period of last year as new planting slowed everywhere in response to the very low global palm oil prices.
4. As a result of Thai Accounting Standard, Agriculture (TAS #41) there was a net reduction of Baht 28.31 million in the first nine months of 2019, compared to a net reduction of Baht 24.56 million in the same period of last year. This reflected the lower 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 3.99 million compared to a contribution of Baht 7.70 million in the same period of last year. The lower contribution was due to factory closure for major boiler repairs during July-August 2019.

Overall, the gross profit margin for the first nine months increased from 12.70% to 16.36%, mainly due to higher oil extraction rates and elimination of last year's third quarter loss.

Earnings per share for the first nine months were Baht 0.29 per share compared to Baht 0.27 per share in the first nine months of last year.

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

John Clendon  
Managing Director

cc: The Secretary-General  
The Securities and Exchange Commission