

May 15, 2020

Subject: Management Discussion and Analysis for the first quarter ending 31 March 2020

**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 2020.

The first quarter of 2020 consolidated net profit after tax of **Baht 55.37 million** was 55.0% higher than Baht 35.72 million in the same period of the previous year. The main factors leading to this higher result were:

1. As a result of new Thai Accounting Standard (TAS# 41) a net profit of Baht 4.29 million was recorded in this first quarter, compared to a net loss of (-Baht 17.65 million) in the same quarter of last year. This change was mainly due to the higher valuation of immature fruit on palms at the end of the first quarter of this year. This high volume of fruit will be harvested in Q2.
2. Our crushing mills operated at a loss in the first quarter due to low seasonal fruit volumes which were 32% lower than in Q1 of last year. The relatively more severe dry season also resulted in lower fruit quality, with our production of crude palm oil being 38% lower than in the first quarter of last year
3. The average domestic selling price of Crude Palm Oil (CPO) was 107 % higher than in the first quarter of last year. This very significant increase in domestic palm oil prices was a result of the low production and earlier Government interventions to burn CPO for electricity generation and to increase Thailand's mandate for palm biodiesel consumption, which had depleted national stocks. As a result of this seasonal shortage the price of palm fruit also increased by a similar amount although the benefit was largely offset by the much lower fruit production.
4. Seedlings sales were significantly lower in Q1 of this year due to the dry weather, unsuitable for planting. Overall seed and seedling sales are lower due to a reduced rate of new oil palm plantings, both locally and internationally, in response to lower palm oil prices.
5. Our Philippine joint venture, Univanich Carmen Palm Oil Corporation, achieved a first quarter profit of Baht 5.86 million, compared to Baht 3.21 million in same period of last year. UVAN also benefited from an exchange rate gain of Baht 11.97 million from a loan to subsidiary company.

Overall gross margin in the first quarter decreased from 16.9% to 10.8% mainly due to the negative crushing margins during the very low crop season. This will change as this year's peak crop harvesting will occur during the second quarter.

Earnings per share from the consolidated net profit of Baht 55.37 million were Baht 0.06 per share.

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

John Clendon
Group CEO

cc: The Secretary-General
The Securities and Exchange Commission