

February 22, 2019

Subject: Management Discussion and Analysis for the year ending 31 December 2018

To: The President
Stock Exchange of Thailand

Consolidated 2018 profit after tax of **Baht 303.79 million** was 51.4% lower than Baht 624.70 million in the previous year.

Very low palm oil prices had a significant influence on this result. The average price of Crude Palm Oil (CPO) was 22.4% lower than in the previous year and 39.1% lower than in 2016. Palm Kernel Oil (PKO) average price was 26.3% lower than in the previous year and 29.9% lower than in 2016. These low prices reflected the cyclical down-turn in all vegetable oils and other global commodities.

The low prices also affected crushing margins in our crushing mills. Although the total volume of fruit processed by our factories was similar to the previous year, the crushing margin was reduced by 70.1%. Government intervention to promote the sale of surplus CPO as a fuel for power stations has disrupted the local market and slowed the development of exports. Despite this domestic volatility and the strong Thai Baht the company exported 94,000 tonnes of palm oil in 2018, an increase of 38% over exports in the previous year.

Our seed and seedling sales were 25% lower due to the low price of palm oil globally which led to a reduced rate of new plantings both domestically and internationally. This cyclical slow-down in planting may have consequences in the years ahead when global production growth may be insufficient to meet global growth in demand for vegetable oils.

As a result of the recent Thai Accounting Standard (TAS #41) there was a 2018 loss of (Baht 5.68 million), compared to a net gain of Baht 34.96 million in the previous year.

Net attributable profit from our Philippine subsidiaries in 2018 was Baht 8.80 million, an improvement from Baht 1.65 million contribution in the previous year. Fruit volumes are increasing steadily in the region of our Philippine crushing mill as more local farmers convert their land to oil palms.

Overall, gross margin for the year decreased from 17.8% to 12.5% mainly due to lower palm oil prices, lower fruit crushing margins, lower seed & seedling sales and higher depreciation charges.

Earnings per share from the 2018 consolidated net profit was **Baht 0.32 per share**, compared to Baht 0.66 per share of previous year.

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

John Clendon
Managing Director

cc: The Secretary-General
The Securities and Exchange Commission