

24th February 2021**Subject: Management Discussion and Analysis of the year ending 31 December 2020****To: The President**
Stock Exchange of Thailand

Univanich Palm Oil Public Co., Ltd (UVAN) hereby submits discussion and clarification of the financial statements of the company and its subsidiaries for the year ended 31st December 2020.

For the 2020 financial year, UVAN's consolidated profit after tax of **Baht 329.12 million** was 51.8% higher than Baht 216.86 million in the previous year.

The main factors contributing to this higher result in 2020 were:

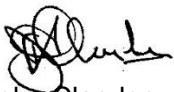
- 1) The average prices of Crude Palm Oil (CPO) and Palm Kernel Oil (PKO) increased by 47.0% and 21.7% respectively. These increases more than compensated for a 26.9% reduction in fruit production from our own plantations.
The higher palm oil prices were due to significantly lower seasonal production of palm oil, both around the region and in Thailand where the national CPO production declined from 3.03 million tonnes in 2019 to 2.65 million tonnes in 2020.
- 2) The average price of purchased fruit increased by 50.0% over the previous year. This was due to the higher palm oil prices and the high demand from crushing mills competing for the lower fruit volumes. As a result of the high fruit buying prices, factory crushing margins were often negative and this is the main reason why UVAN incurred a loss of (- Baht 2.62 million) in the fourth quarter.
- 3) The value of seed and seedlings sales increased by 13.4% as higher fruit prices encouraged farmers in Thailand and overseas to resume oil palm planting. Electricity sales value increased by 3.4% to Baht 89.6 million due to earlier investment in more efficient generating equipment.
- 4) Thai Accounting Standard, Agriculture (TAS41) relating to the valuation of current biological assets, added Baht 2.94 million to 2020 profit, compared to a reduction of (- Baht 33.91 million) from the previous year's profit. This significant change was due to the higher valuation of seedlings in nurseries and higher valuation of fruit on the palms as at 31st December 2020.
- 5) Our Philippines subsidiary, Univanich Carmen Palm Oil Corporation, contributed Baht 13.66 million to UVAN's consolidated 2020 profit, an increase of 54.2% over the previous year.

Overall gross margin in 2020 decreased to 12.1%, down from 14.6% in the previous year. This lower margin was mainly due to lower factory crushing margins and a small increase in the volume of low-margin third party oil traded for export.

Earnings per share from the 2020 consolidated net profit were **Baht 0.35 per share**, compared to Baht 0.23 per share in the previous year.

Yours faithfully,

Univanich Palm Oil Public Company Limited



John Clendon

Group CEO

CC: The Secretary General
Securities and Exchange Commission