



บริษัท สหอุตสาหกรรมน้ำมันปาล์ม จำกัด (มหาชน)
United Palm Oil Industry Public Company Limited

CORPORATE HEADQUARTERS
64 Soi Bangna-Trad 25, Khwaeng Bangna Nuea,
Khet Bangna, Bangkok 10260 Thailand

Tel +66-(0)2-744 1046
Fax +66-(0)2-361-8988-89
www.upoic.co.th

May 7, 2020

**Subject: To submit the Interim Management Discussion and Analysis
For the three-month period ended March 31, 2020**

To: Directors and Managers of the Stock Exchange of Thailand

United Palm Oil Industry Public Company Limited (UPOIC), its subsidiaries and its jointly controlled entity would like to inform the operating result for the three-month period ended March 31, 2020 which had net profit for the period Baht 4.3 million, compared to the same period of 2019 with net loss at Baht 17.2 million, profit increased Baht 21.5 million or 125.0%.

The Company would like to submit the interim management discussion and analysis for the three-month period ended March 31, 2020.

Please be kindly informed.

Sincerely yours,

(Miss Anchalee Suebchantasiri)
Managing Director

ESTATE OFFICE / MILL

98 Moo 6, Nuaklong-Khao Phanom Road,
Huayoong Sub-district, Nuaklong District,
Krabi 81130 Thailand

Tel +66-(0)75-666 075
Fax +66-(0)75-666 072



A Subsidiary of Lam Soon (Thailand) Public Company Limited

RSPO - 1106151

MANAGEMENT DISCUSSION AND ANALYSIS

For the three-month period ended March 31, 2020

Financial Performance and Analysis Explanation

For the three-month period ended 31 March 2020, the Company and its subsidiaries (“the Group”) sales increased by Baht 187.8 million or 182.9% compared to the same period of 2019. The main reason was that CPO price continuously increased since the end of 2019. The details are as follows:-

	<u>Baht per kg</u>
Nov-19	21.47
Dec-19	29.75
Jan-20	37.56
Feb-20	34.72
Mar-20	29.41

CPO price started rising because palm output declined by 34.0% compared with the same period of 2019. There was a project of CPO utilizing to produce electricity that crushing mills would supply CPO for Electricity Generating Authority of Thailand (EGAT) at the end of 2019, but CPO price substantially increased beyond selling price to EGAT. Consequently, most crushing mills delayed supplying CPO until April 2020. In addition, Ministry of Energy determined Biodiesel B10 to be sold at all petrol stations in country since 1 March 2020. This circumstance caused CPO price continuously rose before the season of harvesting fresh fruit bunch (FFB) in April 2020.

For the adjustment of CPO price as mentioned above, this would effect to the Group’ gross profit increased by 13.5% of total sales (Q1 2019: 8.4%) and net profit in the amount of Baht 4.3 million increased by Baht 21.5 million or 125.2% compared with the same period of last year.

Other major components and changes in consolidated financial statements were as follows:-

1. Sales

Total sales of the Group in Q1/2020 increased by Baht 187.8 million or 182.9% from the same period of 2019. This was mainly due to average selling prices of CPO and CPKO increasing by 80.4% and 20.7%, respectively as well as the sales volume of CPO and CPKO increasing by 67.4% and 82.7%, respectively. Hence, total revenue from sales increased.

2. Cost of Sales and Expenses

- Cost of sales in Q1/2020 was Baht 272.2 million higher than the same period of prior year Baht 173.5 million or 175.8% caused by average FFB cost raised by 83.1%.
- Selling expenses increased by Baht 2.6 million from increase of goods transportation which is in line with sales volume
- Administrative expenses decreased by Baht 6.7 million mainly came from land expenses and legal fee.
- Loss from change in fair value of biological assets Baht 4.6 million (Q1/2019: Loss Baht 3.9 million)

MANAGEMENT DISCUSSION AND ANALYSIS

For the three-month period ended March 31, 2020

3. Consolidated Profits

Sales revenue increased, the cost of sales increased at a lower rate when compared with sales revenue. In Q1/2020, the Group therefore recorded higher gross profit by Baht 14.3 million or 360.9%. Furthermore, the Company recorded loss from change in fair value of biological assets from adopted TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant including realized share profit from investment in Joint Venture. As a consequence, the Group recorded an increase in net profit after tax of Baht 21.5 million (Q1/2019: net loss after tax of Baht 17.2 million).