



Union Plastic Public Company Limited

Saha-Union Group

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Ethics, Quality, Benefits

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Date: 27 February 2019

RE: Explanation of More Than 20 Percent Changes in Performance in 2018

ATTN: President,
Stock Exchange of Thailand

Union Plastic Public Company Limited would like to provide the following explanation for the Company's performance for the year ending 31 December 2018 which has changed in excess of 20 percent compare with last year.

The Company's financial statement stated a loss of 28.0 million baht for the year 2018 for the equity method, which was a 57.2-million baht loss more than previous year, which produced an annual profit of 29.2 million baht, due to:

1. Total revenue decreased by 20.3 million baht, or 2.81 percent, due to decreases in revenue from product and service sales 9.01-percent and 77.78-percent respectively in the category of motorcycles and mold production work. This was largely due to increased market competition resulting in the Company receiving fewer orders for manufacturing new product models when compared to the previous year.

2. In 2018, gross profit decreased from 8.11 percent to 0.02 percent per sale when compared to the previous year because the average cost of plastic pellets, which are the Company's a primary raw material, increased along with increases in labor expenses, which included minimum wage adjustments during the second quarter. Moreover, the costs involved in the maintenance and repair of machinery and equipment, and the depreciation of machinery and equipment both increased from the preceding year due to investment in the purchase of new machinery and maintenance of existing machinery to ensure operability. As a result, the Company's sales costs increased from 91.89 percent to 99.98 percent of all sales.

3. Due to the decrease in sales, the Company's sales and administrative expenses increased slightly from 11.2 percent to 11.4 percent.

Respectfully,

Mr. Thitivat Suebsaeng
Acting Managing Director