

( Translation )

13<sup>rd</sup> November 2017

Subject: Management Discussion and Analysis (MD&A) for the 3<sup>rd</sup> quarter and 9-month periods of year 2017

To: Managing Director of the Stock Exchange of Thailand

Union Pioneer Public Company Limited would like to clarify the net profit for the 3<sup>rd</sup> quarter and 9-month periods of the year ending on 30<sup>th</sup> September 2017 had decreased more than 20% comparing to the same period of the previous year, the net profit for the third quarter and the nine-month periods of 2017 were 7.78 million Baht and 24.01 million Baht, decreased from the same period of the previous year by 4.79 million Baht and 9.77 million Baht respectively, due to the high price of natural rubber, which is the main raw material cost for production.

The Company's profitability in the third quarter of 2017 decreased from the same period of previous year, the return on total assets (ROA) decreased from 2.60% to 1.58% and the return on equity (ROE) decreased from 3.33% to 2.04% and earnings per share (EPS) decreased from 1.68 Baht/share to 1.04 Baht/share. Gross Profit Margin decreased from 21.70% to 18.54%. due to the price of natural rubber, which is the main raw material cost for production, was higher than the same period of the previous year.

For the nine-month period of 2017, the Company's profitability decreased from the same period of the previous year as well. ROA decreased from 6.99% to 4.88% and ROE decreased from 8.93% to 6.29% and EPS decreased from 4.50 Baht/share to 3.20 Baht/share. Gross Profit Margin decreased from 20.76% to 16.21%.

The efficiency of using the total assets to profit from the turnover of total assets in this quarter was equal to the third quarter of 2016 at 0.32 times. For the nine-month period of 2017 was nearly by the same period of last year at 0.95 times and 0.94 times, respectively. Liquidity ratio for the third quarter and nine-month periods of 2017 decreased from last year was from 6.39 times to 5.65 times. Receivable Turnover decreased from 1.24 times to 1.20 times for the third quarter of 2017 and decreased from 3.69 times to 3.49 times for the nine-month period of 2017 because the collection period increased a little from 73 days to 75 days and from 73 days to 77 days, respectively. For the debtors who may have some problems incurred in collection of receivables, the individual allowance for doubtful accounts is provided. Inventory Turnover in the third quarter of 2017 higher than the third quarter of 2016 was from 0.86 times to 0.91 times and had a number of duration of carrying goods that was 98 days, decreasing from last year. For the nine-month period of 2017, Inventory Turnover higher than last year that was from 2.59 times to 2.64 times and a number of duration of carrying goods that was 102 days, decreasing from last year as well because the Company had enough number of rubber stocks for production.

Cash flow received from operating activities decreased from the same period of last year, because the Company had lower net profit with more inventory from the higher price of natural rubber, which is the main raw material cost for production. Cash flows used in investing activities decreased because of receiving the money invested in government bonds at maturity. Cash flow used in financing activities, mostly used for paying annual dividend.

From the following reasons concluding that the operating results of the Company in the 3<sup>rd</sup> quarter and 9-months periods of year 2017 decreased comparing to last year.

For your consideration to the members of The Stock Exchange of Thailand and those interested to be informed accordingly would be appreciated.

Yours faithfully,

-Signature-  
(Mr. Pongsak Thiengviboonvong)  
Managing director