

( Translation )

14th August 2018

Subject: Management Discussion and Analysis (MD&A) for the 2nd quarter period of year 2018

To: Managing Director of the Stock Exchange of Thailand

Union Pioneer Public Company Limited would like to clarify the net profit for the 2<sup>nd</sup> quarter and 6-month periods of the year ending on 30th June 2018 had decreased more than 20% comparing to the same period of the previous year, the net profit for the second quarter and the six-month periods of 2018 were 2.19 million Baht and 4.76 million Baht, decreased from the same period of the previous year by 4.91 million Baht and 11.47 million Baht respectively, due to the lower sales from the high competition in foreign markets and decreasing purchase orders of our customers from their sufficient stock of goods. However, the Company expects that the sales in the third quarter will be better.

The Company's profitability in the second quarter of 2018 decreased from the same period of previous year, the return on total assets (ROA) decreased from 1.46% to 0.47% and the return on equity (ROE) decreased from 1.88% to 0.60% and earnings per share (EPS) decreased from 0.95 Baht/share to 0.29 Baht/share. Gross Profit Margin decreased from 16.17% to 13.77%.

For the six-month period of 2018, the Company's profitability decreased from the same period of the previous year as well. ROA decreased from 3.34% to 1.03% and ROE decreased from 4.29% to 1.31% and EPS decreased from 2.16 Baht/share to 0.63 Baht/share. Gross Profit Margin decreased from 16.61% to 13.31%.

The efficiency of using the total assets to profit from the turnover of total assets in this quarter decreased little from the second quarter of 2017, from 0.31 times to 0.30 times. For the six-month period of 2018 was nearly by the same period of last year at 0.62 times and 0.63 times, respectively. Liquidity ratio for the second quarter and six-month periods of 2018 increased from last year was from 5.81 times to 6.37 times because the Company has current assets and current liability, decreasing from the same period of last year. Receivable Turnover decreased from 1.23 times to 1.06 times for the second quarter of 2018 and decreased from 2.47 times to 2.18 times for the six-month period of 2018 due to the lower sales. The collection period for the second quarter of 2018 increased from 73 days to 85 days and from 73 days to 83 days for the six-month period. For a debtor with debt problem, the Company has set aside allowance for doubtful accounts. That debtor has to repay monthly on a monthly basis. Inventory turnover in the second quarter and the six-month periods of 2018 decreased from 0.87 times to 0.74 times and from 1.74 times to 1.53 times, respectively, with an increase in inventory holding period from the same period of the last year were 122 days and 117 days.

Cash flow received from operating activities increased from the same period of last year, because the Company received debt repayment during period. Cash flows from investing activities increased because of receiving the money invested in government bonds at maturity.

From the following reasons concluding that the operating results of the Company in the 2<sup>nd</sup> quarter and 6-months periods of year 2018 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