

(Translation)

13rd August 2019

Subject: Management Discussion and Analysis (MD&A) for the 2nd quarter and 6-month periods of year 2019

To: Managing Director of the Stock Exchange of Thailand

Union Pioneer Public Company Limited would like to clarify the net profit for the 2nd quarter and 6-month periods of the year ending on 30th June 2019 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 2019 were 3.78 million Baht and 6.43 million Baht, decreased from the same period of the previous year by 8.54 million Baht and 8.63 million Baht respectively, because there was 10.15 million Baht for the provision of compensation for retirement or termination of employment for the employees with 20 or more years of service at 400 days of the latest wages instead of 300 days, as the Labor Protection Act No. 7 of the year 2019.

The Company's profitability in the second quarter of 2019 decreased from the same period of previous year, the return on total assets (ROA) decreased from 0.47% to -1.42% and the return on equity (ROE) decreased from 0.60% to -1.82% and earnings per share (EPS) decreased from 0.29 Baht/share to -0.91 Baht/share.

For the six-month period of 2019, the Company's profitability decreased from the same period of the previous year as well. ROA decreased from 1.03% to -0.83% and ROE decreased from 1.31% to -1.07% and EPS decreased from 0.63 Baht/share to -0.50 Baht/share.

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 2018, from 0.30 times to 0.31 times. For the six-month period of 2019 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 2019 increased from last year was from 6.37 times to 6.63 times because the Company has current assets and current liability, decreasing from the same period of last year. Receivable Turnover increased little from 1.06 times to 1.07 times for the second quarter of 2019 and was the same at 2.18 times for the six-month period of 2019. The collection period for the second quarter of 2019 decreased from 85 days to 84 days and from 83 days to 82 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 2019 increased from 0.74 times to 0.78 times and from 1.53 times to 1.56 times, respectively, with a decrease in inventory holding period from the same period of the last year were 115 days and 116 days.

Cash flow received from operating activities decreased from the same period of last year due to the net loss from the long-term employees benefit expenses. Cash flows from investing activities was an investment to buy the machines for production. Cash used in financing activities was the annual dividend payment.

From the following reasons concluding that the operating results of the Company in the 2nd quarter and 6-months periods of year 2019 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