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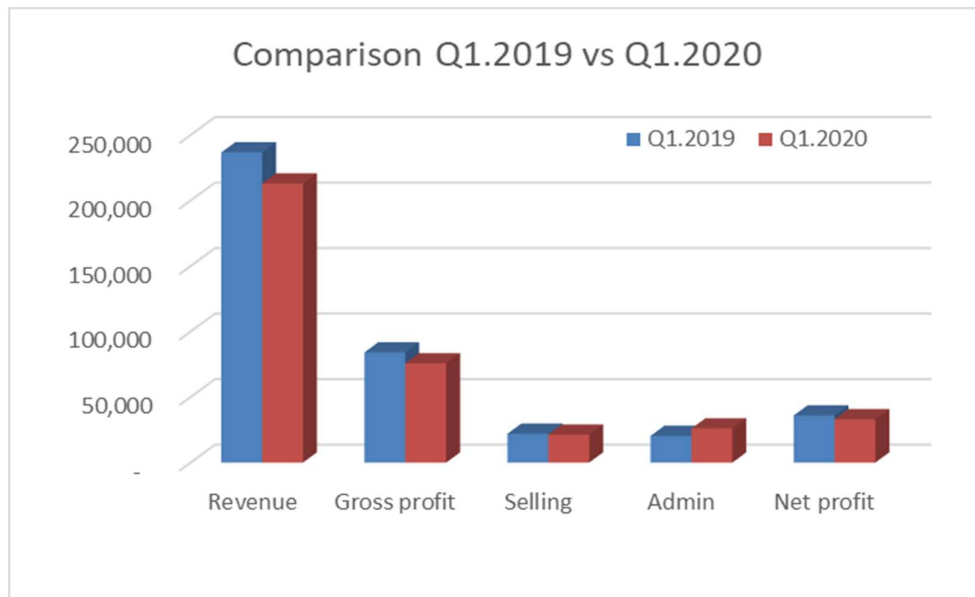
May 13, 2020

Subject Management Discussion and Analysis for the Q1/2020 (Ending March 31, 2020)

To Director and Manager of the Stock Exchange of Thailand

Ubis (Asia) Public Company Limited (“the Company”) would like to clarify on the performance and the financial status for the Q1/2020 ended March 31, 2020 of the Company and its subsidiaries, as shown below:

(Unit : Thousand Baht)	Q1/2020	Q1/2019	Change	%Change
Revenue	212,967	236,732	(23,765)	(10.04%)
Gross profit margin	75,693	84,100	(8,407)	(10.00%)
Selling Expenses	(21,299)	(22,010)	(711)	(3.23%)
Admin Expenses	(26,053)	(20,368)	5,685	27.91%
Finance cost	1,372	1,092	280	25.64%
Net profit	33,055	35,928	(2,873)	(8.00%)



In overall, the Company and its subsidiaries had a net profit in Q1/2020 of 33.0 MB with decrease of 2.9 MB or 8.0 percent, when compared to Q1/2019 as following results:

- **Revenue**

Q1/2020, the Company and its subsidiaries had total revenue of 212.9 MB, decreased from Q1/2019 in the amount of 23.7 MB or 10.0 percent (Domestic sales decreased of 2.1 percent and Export sales decreased 16.2 percent)

- **Gross profit margin**

Q1/2020, the Company and its subsidiaries had the total gross profit of 75.6 MB, decreased from Q1/2019 in the amount 8.4 MB or 10.0 percent with the gross profit margin of 35.5 percent (35.5 percent in Q1/2019). The company has maintained the gross margin as same as the previous year.

- **Sales Expenses**

Q1/2020, the Company and its subsidiaries had the expenses of 21.2 MB, decreased from Q1/2019 in the amount 0.7 MB or 3.2 percent (22.0 MB in Q1/2019) as result from the decrease in transportation expenses.

- **Administrative Expenses**

Q1/2020, the Company and its subsidiaries had the admin expenses of 26.0 MB, increased from Q1/2019 in the amount 5.6 MB, or 27.9 percent (20.3 MB in Q1/2019) as result from new production unit at Bangpoo and the impact from the Thai Financial Reporting Standards No.9, ("TFRS 9"), on the allowance for doubtful accounts in the amount 4.7 MB.

- **Finance Cost**

Q1/2020, the Company and its subsidiaries had the financial cost of 1.3 MB which increased from Q1/2019 in the amount 0.2 MB or 25.6 percent (1.1 MB. in Q1/2019).

- **Gain (Loss) on Foreign Exchange**

Q1/2020, the Company and its subsidiaries had the gain on foreign exchange 10.9 MB which increased from Q1/2019 in the amount 10.9 MB. (78,000 Baht loss in Q1/2019). The gain on foreign exchange was a result of unrealized foreign exchange.

### Financial Status

The overall financial status of the Company and its subsidiaries as of March 31, 2020 with the comparison to the financial status as of December 31, 2019 are summarized as below:

- **Assets**

As of March 31, 2020, the Company and its subsidiaries had a total asset of 740.3 MB which increased from December 31, 2019 by 9.9 MB as a result of the increase in cash and cash equivalents by 3.5 MB, the decrease of trade and other receivables by 8.7 MB, increase in inventory by 3.1 MB and decrease in other current assets by 1.7 MB. Non-current assets, PPE increased 2.8 MB, Right-of-use asset increased by 9.7



MB, intangible asset decreased by 0.2 MB, deferred income tax assets increased by 1.5 MB and other non-current assets decreased by 0.1 MB.

- **Liabilities**

As of March 31, 2020, the Company and its subsidiaries had a total liability of 316.9 MB which increased by 34.7 MB from December 31, 2019 due to the decrease of bank overdraft and short-term borrowings by 46.4 MB, increase of account payable and other payables by 64.4 MB, increase of income tax payable by 8.2 MB, decrease of other current liabilities by 2.2 MB, increase of Lease Liabilities by 9.7 MB, and the increase in employee benefit obligations by 1.0 MB.

- **Shareholders' Equity**

As of March 31, 2020, the Company and its subsidiaries had total shareholder equity of 423.3 MB which decreased from December 31, 2019 in amount of 24.8 MB due to the adjustment of the cumulative effects from the retained earnings by 1.9 MB, the recording of the accrued dividends from retained earnings by 57.0 MB, the profit from operation for Q1/2020 by 33.0 MB, and the increase in other components of equity by 1.1 MB.

- **Cash Flow**

Based on the results for Q1/2020, the company's cash flow was as follows:

- Net cash flow from operating activities was 56.5 MB, increased by 9.7 MB when compare with Q1/2019, the effective due to the receiving from trade and other receivable, decrease reduction in inventory, and management of trade and other payables.
- Net cash flows from the investing activities was 5.1 MB, increased by 4.0 MB when compare with Q1/2019 due to the investment in equipment.
- Net cash flows from financing activities was 8.7 MB, decreased by 18.5 MB when compare with Q1/2019 due to the increase in interest paid and lease liabilities.

### The company's strategy for the year 2020

From the pandemic of the Coronavirus (Covid-19) impacting to the world and caused many types of business to severe disruption and unable to assess when the situation will end, the company was also affected in the 1st quarter too. Starting with China as the beginning of outbreak, the government has locked down the country and ordered the cease operation in both the manufacturing and most parts of service sectors affecting to the company's order from customers immediately in February - March. However, domestic sales and exports in other countries have not been clearly affected which the company will have to monitor the future situation closely.

However, The Company still target to grow 10% in sales from 2019, considering that the business of the company is a part of Food Chain which should not be affected much and still focus on maintaining our market share in domestic market by improving our sales strategy as well as developing new products to meet



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UBIS (ASIA) PUBLIC COMPANY LIMITED

customer demand and driving to expand the export market. After the Company has expanded our reach to Latin America, Brazil, Mexico and Peru, we have studied the new market group in Africa, such as Egypt, Turkey etc. We will try to get the acceptance in our products from major customers, while maintaining and controlling in product cost position including managing Foreign Exchange more efficiency.

Moreover, the Company has been working toward the approval from Brand Owners. In the past year, one of our compound product was listed in the approved list of a big brand of beverage company in China and also a global beverage brand.

Please be informed accordingly.

Sincerely yours,

(Mr. Nawat Triyapongpattana)

Managing Director