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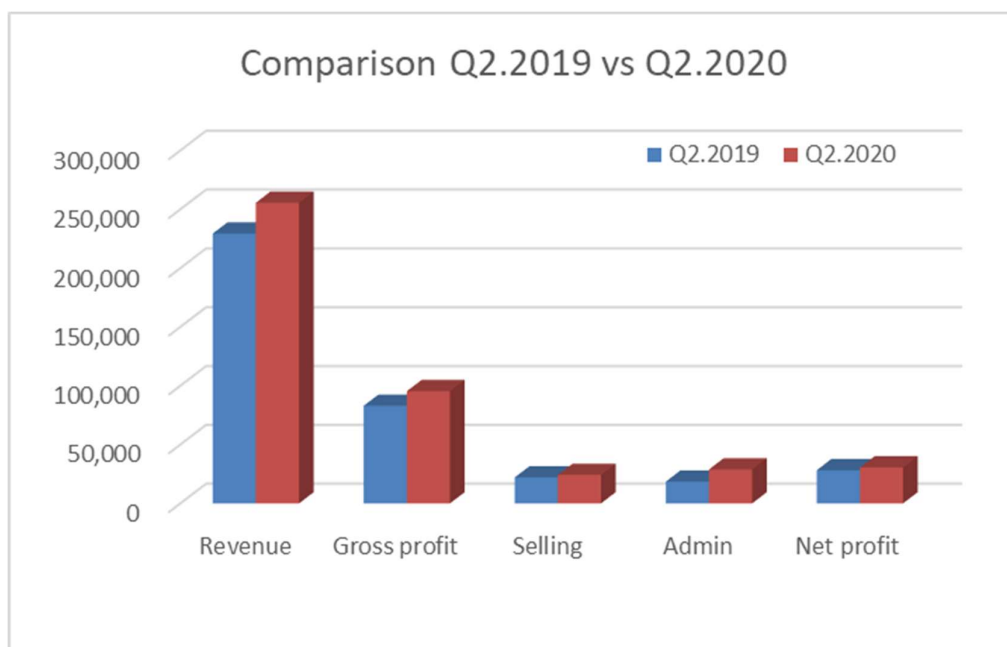
August 13, 2020

Subject Management Discussion and Analysis for the Q2/2020 (Ending June 30, 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 Q2/2020 ended June 30, 2020 of the Company and its subsidiaries, as shown below:

(Unit : Thousand Baht)	Q2/2020	Q2/2019	Change	%Change
Revenue	255,560	229,355	26,205	11.43%
Gross profit margin	95,426	83,001	12,425	14.97%
Selling Expenses	(24,213)	(22,124)	2,089	9.44%
Admin Expenses	(28,825)	(18,495)	10,330	55.85%
Finance cost	831	946	(115)	(12.16%)
Net profit	30,641	28,250	2,391	8.46%
Gain / (Loss) on Foreign Exchange	(7,005)	(10,201)	3,196	(31.33%)



In overall, the Company and its subsidiaries had a net profit in Q2/2020 of 30.6 MB with increase of 2.4 MB or 8.46 percent, when compared to Q2/2019 as following results:

- **Revenue**

Q2/2020, the Company and its subsidiaries had total revenue of 255.5 MB, increased from Q2/2019 in the amount of 26.2 MB or 11.43 percent (Domestic sales increase of 15.25 percent and Export sales increased 8.84 percent)

- **Gross profit margin**

Q2/2020, the Company and its subsidiaries had the total gross profit of 95.4 MB, increased from Q2/2019 in the amount 12.4 MB or 14.9 percent with the gross profit margin of 37.3 percent (36.2 percent in Q2/2019). The increase of gross profit was the result of low overhead cost due to high production volume and the higher in sales.

- **Sales Expenses**

Q2/2020, the Company and its subsidiaries had the expenses of 24.2 MB, increased from Q2/2019 in the amount 2.0 MB or 9.44 percent (22.1 MB in Q2/2019) as result from the decrease in travelling expenses, but the higher in transportation expense which was in line with sales volume.

- **Administrative Expenses**

Q2/2020, the Company and its subsidiaries had the admin expenses of 28.8 MB, increased from Q2/2019 in the amount 10.3 MB, or 55.85 percent (18.4 MB in Q2/2019) as result from employee expense, provision for obsolete product and the impact from the Thai Financial Reporting Standards No.9, ("TFRS 9"), on the allowance for doubtful accounts.

- **Finance Cost**

Q2/2020, the Company and its subsidiaries had the financial cost of 0.8 MB which decreased from Q2/2019 in the amount 0.1 MB or 12.16 percent (0.9 MB. in Q2/2019).

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

Q2/2020, the Company and its subsidiaries had the gain on foreign exchange 7.0 MB which decreased from Q2/2019 in the amount 3.1 MB. (10.2 MB. loss in Q2/2019). The loss on foreign exchange was a result of unrealized foreign exchange.

Financial Status

The overall financial status of the Company and its subsidiaries as of June 30, 2020 with the comparison to the financial status as of December 31, 2019 are summarized as below:

- **Assets**

As of June 30, 2020, the Company and its subsidiaries had a total asset of 770.7 MB which increased from December 31, 2019 by 40.4 MB as a result of the increase in cash and cash equivalents by 12.9



MB, the increase of trade and other receivables by 0.3 MB, increase in inventory by 17.9 MB and decrease in other current assets by 1.8 MB. Non-current assets, PPE increased 0.9 MB, Right-of-use asset increased by 8.6 MB, intangible asset decreased by 0.3 MB, and deferred income tax assets increased by 1.9 MB.

- **Liabilities**

As of June 30, 2020, the Company and its subsidiaries had a total liability of 318.80 MB which increased by 36.6 MB from December 31, 2019 due to the decrease of bank overdraft and short-term borrowings by 10.1 MB, increase of account payable and other payables by 27.7 MB, increase of income tax payable by 11.4 MB, decrease of other current liabilities by 2.1 MB, increase of Lease Liabilities by 8.7 MB, and the increase in employee benefit obligations by 1.0 MB.

- **Shareholders' Equity**

As of June 30, 2020, the Company and its subsidiaries had total shareholder equity of 451.9 MB which increased from December 31, 2019 in amount of 3.8 MB due to the adjustment of the cumulative effects from the retained earnings by 1.9 MB, the dividends payment from retained earnings by 57.0 MB, the profit from operation by 63.7 MB, and the increase in other components of equity by 1.0 MB.

- **Cash Flow**

Based on the results for Q2/2020, the company's cash flow was as follows:

- Net cash flow from operating activities was 92.5 MB, increased by 14.7 MB when compare with Q2/2019, the effective due to the increase of trade and other receivable and inventory, but there is a management of debt repayment, trade and other payables, therefore there is an increase in cash rates.
- Net cash flows from the investing activities was 7.0 MB, increased by 4.6 MB when compare with Q2/2019 due to the investment in equipment and intangible.
- Net cash flows from financing activities was 54.3 MB, when compare with Q2/2019 used similarly.

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. UBIS (Asia) company was affected in this quarter as well.

In the second quarter, business conditions in the food packaging industry continued to grow, due to the increasing demand over the concerns of Coronavirus (Covid-19). As a result, there are more orders for the company's products. As China was opening the city, businesses were resuming and there are increasing in demand for our products. However the company still has to monitor the situation continuously as the demand may be fluctuate.



บริษัท ยูบิส (เอเชีย) จำกัด (มหาชน)
UBIS (ASIA) PUBLIC COMPANY LIMITED

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 customer demand and driving to expand the export market. After the Company has expanded our reach to Latin America, Brazil, Mexico and Peru, we are studying the new market in United State and 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.

Please be informed accordingly.

Sincerely yours,

(Mr. Pasithphol Temritikulchai)

Managing Director

