

### 2Q20: Reported net profit up 15x, record operating profit amid COVID-19 pandemic

#### Revenue

2Q20 sales grew by 2.6% YoY to THB 33,051mn. This is mainly driven by ambient seafood business that delivered 16.8% sales growth YoY, while frozen business saw sales decline of 14.0% due to the city lockdown, driving total sales volume growth of 10.1% YoY. Thai Baht against major currencies were stable YoY. 1H20 sales were up 4.2% YoY to THB64,154mn.

#### Gross profit

Thanks to a favorable growth of higher-margin branded ambient seafood business and improved operations, 2Q20 gross margin was at a quarterly record level of 18.2%, up 159 bps YoY. As a result, gross profit was at THB 6,027mn, up 12.4% YoY. 1H20 gross profit was THB 11,067bn, an increase of 13.6% YoY.

#### Operating profit

2Q20 operating profit was at a record THB 2,366mn, up 50.7% YoY on normalized basis, mostly due to sales growth and gross margin enhancement. The prudent cost control resulted in 2Q20 SG&A expense declined 3.5% YoY. SG&A-to-sales ratio was at 11.1%, vs 11.8% during 2Q19. 1H20 operating profit was THB 3,895mn, up 50.4% YoY.

#### Net profit

2Q20 reported net profit was THB 1,716mn, up 1,440% YoY, mainly due to strong core business and an absence of US legal fee of THB1,402mn during 2Q19. The strong growth was delivered despite high share of loss from Red Lobster affiliate due to the city shutdown. Excluding such US legal expenses from 2Q19, the 2Q20 net profit still increased 13.4% YoY on normalized basis. 1H20 reported net profit was THB 2,732mn, an increase of 97% YoY.

#### Cash flow and ND/E

With a strong operation profitability, efficient inventory management and strong cash conversion ability, 1H20 free cash flow (FCF) was at THB 6,687mn. TU's end-2Q20 net D/E ratio was at 0.96x.

Thanks to strong cash generation and improved net profit, TU announced an interim dividend of THB0.32/share from 1H20 operation, implying 59% payout ratio.

#### Stock Information

(Bloomberg/ Reuters)  
(TU TB/ TU.BK)

<b>Share price</b> (10/08/2020)	THB 13.10
Historical price:	
52-week high	THB 18.30
52-week low	THB 11.90
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 62.5bn
Avg. value trade/day (YTD)	THB 305.5mn

#### Major shareholders (30/06/2020)

Chansiri Family	19.35%
Thai NVDR Co., LTD.	10.97%
Mitsubishi Corporation	7.29%
Niruttinanon Family	6.90%
Social Security Office	4.87%

#### Business Overview

Thai Union Group PCL (TU) is one of the world's largest seafood player. TU owns leading brands portfolio in key markets and global sourcing, production and distributing networks. TU's key products are canned tuna and frozen shrimp. TU also produces for external customers through its private label business. On the sustainability front, TU has shown strong commitments and is confident in its positive long term contribution to socio-economic development, conservation of natural resources and practice of ethical business conduct.

#### Key financial figures\*

Unit: THB mn	2Q20	2Q19	1Q20
Sales	33,051	32,214	31,103
Gross profit	6,027	5,364	5,040
EBITDA	3,350	3,270	2,634
Net profit	1,716	1,513	1,016
EPS (THB)	0.34	0.32	0.20
GPM (%)	18.2%	16.7%	16.2%
NPM (%)	5.2%	4.7%	3.3%
ND/E (x)	0.96	1.38	1.05
ROCE (%)	8.3%	8.7%	8.3%
ND/EBITDA (x)	4.32	5.27	4.64

*Remark: \*Restated according to financial statement reported as August 2020*

### Financial Statements Analysis:

Unit: THB mn	2Q20	2Q19	YoY	1Q20	QoQ
<b>Sales</b>	<b>33,051</b>	<b>32,214</b>	<b>2.6%</b>	<b>31,103</b>	<b>6.3%</b>
COGS	(27,024)	(26,850)	0.6%	(26,063)	3.7%
<b>GP</b>	<b>6,027</b>	<b>5,364</b>	<b>12.4%</b>	<b>5,040</b>	<b>19.6%</b>
SG&A	(3,661)	(3,794)	-3.5%	(3,511)	4.3%
FX gain (loss)	206	164	25.0%	(262)	-178.5%
Other income	378	498	-24.1%	418	-9.7%
Share of profits from investments in assoc. & JVs	(579)	110	-627.7%	(18)	3155.3%
<b>EBIT</b>	<b>2,370</b>	<b>2,341</b>	<b>1.2%</b>	<b>1,668</b>	<b>42.1%</b>
Finance cost	(438)	(516)	-15.0%	(434)	0.9%
<b>EBT</b>	<b>1,932</b>	<b>1,825</b>	<b>5.8%</b>	<b>1,233</b>	<b>56.7%</b>
Tax	(140)	(196)	-28.5%	(149)	-5.6%
<b>Net income</b>	<b>1,716</b>	<b>1,513</b>	<b>13.4%</b>	<b>1,016</b>	<b>68.9%</b>
<b>EPS</b>	<b>0.34</b>	<b>0.32</b>	<b>8.5%</b>	<b>0.20</b>	<b>74.6%</b>
FX: USD/THB	31.95	31.59	1.1%	31.29	2.1%
<b>GPM</b>	<b>18.2%</b>	<b>16.7%</b>		<b>16.2%</b>	
%SG&A/Sales	11.1%	11.8%		11.3%	
<b>NPM</b>	<b>5.2%</b>	<b>4.7%</b>		<b>3.3%</b>	

In 2Q20, Thai Union Group PCL. reported strong sales performance at THB 33,051mn, up 2.6% YoY. The sales increase was driven mainly by ambient seafood business that demonstrate both sales (+16.8% YoY) and volume (+29.6%) growth, as consumers practice social distancing and home cooking.

With improved sales mix and efficient operations, TU delivered gross margin improvement in both ambient seafood and petcare businesses that supported the quarter record gross margin of 18.2% (vs 16.7% during 2Q19). Gross profit was up 12.4% YoY to THB 6,027mn.

For the 2Q20 financial performance as in the financial statement, the company delivered a solid performance with 2Q20 operating profit of THB 2,366mn, up from an operating loss of THB 288 during 2Q19 due to US legal fee of THB 1,858mn (1H20 operating profit of THB3,895mn, up 432% YoY). 2Q20 net profit was at THB 1,716mn, up 1,440% YoY, due to the low profit a year ago. (1H20 net profit of THB 2,732mn, up 97% YoY).

Excluding the US legal fee, 2Q20 operating profit and net profit still translated into 50.7% and 13.4% YoY growth, respectively, on normalized basis.

With a significant improvement in reported net profit and strong cash performance, TU announced interim dividend of THB 0.32/share for the 1H20 operation (up from THB0.25/share paid for 1H19 period).

### Sales

2Q20 sales increased by 2.6% YoY to THB 33,051mn. The strong sales performance was growth driven mainly by ambient seafood business sales growth of 16.8% YoY, as consumers practice social distancing and home cooking. While frozen and chilled seafood business saw a sales decline from hospitality sector facing lockdown, resulting in sales decline of 14.0% YoY.

During 2Q20, Thai Baht was generally stable YoY against key trading currencies; USD (+1.1%), EUR (-0.9%) and GBP (-2.4%). Therefore, excluding the foreign currency impact, 2Q20 sales would be at 2.5% YoY, which is similar to the reported sales growth.

Sales volume continued to deliver good growth of 10.1% YoY, mainly driven by the ambient business sales volume growth of 29.6% YoY. While, frozen and chilled seafood business saw a sales volume decline 10.5% from hospitality sector facing lockdown during the quarter.

1H20 sales improved 4.2% YoY on the back of strong volume sales growth of 8.4% YoY.

### Gross profit

During 2Q20, the company posted record quarterly gross profit margin of 18.2%, vs 16.7% recorded during 2Q19. The margin improvement was mainly attributable to the increase in sales mix of higher-margin branded ambient business. While lower-margin frozen and chilled seafood business reported declined sales sales as many food service operators faced city lockdown.

Moreover, Thai Union's facilities around the world were largely not disrupted, thanks to stringent hygiene measures, enabling the company to continue delivering food product to global consumer.

With a strong sales performance YoY, the company reported 2Q20 gross profit of THB 6,027mn, up 12.4% YoY.

1H20 gross profit was THB 11,067mn, up 13.6% YoY, resulted from the aforementioned strong sales performance.

**Selling and administrative expenses**

Due to an absence of US legal fee (THB1,858mn) that occurred during 2Q19 and prudent cost control, 2Q20 SG&A has reduced substantially by 35% to THB 3,671mn (from THB5,632mn during 2Q19). 2Q20 operating profit was THB 2,366mn, up from 2Q19 operating loss of THB 288mn.

Excluding one-off, non-operating US legal fees, 2Q20 SG&A expenses still decreased 3.5% YoY when compared to the 2Q19 SG&A expense of THB 3,794mn, on normalized basis. With a sales growth of 2.6% YoY, 2Q20 SG&A-to-sales ratio was at 11.1%, improved from 11.8% during 2Q19.

Adjusted for the US legal fees, 2Q20 operating profit was still delivered 50.7% YoY, and 1H20 operating profit was up 50.4% YoY, largely driven by continued strong core business operation.

**FX Gain/Loss**

Due to prudent FX exposure management, TU reported 2Q20 FX gains of THB 206mn, up from THB 164mn recorded in 2Q19.

However, the company recorded 1H20 FX losses of THB 56m due to strong Baht depreciation during the 1Q20, vs a gain of THB 245mn during 1H19.

**Share of income from investment in associates**

2Q20 share of loss was at THB 579mn (vs THB110mn share of profit during 2Q19) due mainly to Red Lobster operation facing difficulty during shutdown across the US.

1H20 share of loss was at THB 597mn, largely due to Red Lobster due to the aforementioned reason, in contrast to a 1H19 share of profit of THB 457mn.

**Other income**

2Q20 other income was at THB 378mn, down from THB 498mn during 2Q19. The decline was due to the lack of insurance claim that occurred in 2Q19 and Red Lobster management fee waving to support affiliate's cashflow.

1H20 other income was at THB 796mn, down from THB 995mn booked during 1H19 due largely to the missing of THB 100mn gain on sales of assets during 1Q19.

**Finance cost**

2Q20 finance cost decreased 15.0% YoY to THB 438mn (from THB 516mn during 2Q19). The decrease was due to an issuance of perpetual bond during 4Q19. 1H20 finance cost was at THB 873mn, down 16.4% YoY.

**Income tax expense**

According to the financial statement, 2Q20 income tax expense was THB 140mn, compared to tax credit of THB 260mn during 2Q19. 2Q19 high tax credit was directly related to the US legal fee amounted THB 456mn. Excluding such tax credit, the 2Q19 normalized tax expense would be THB 196mn.

1H20 income tax expense was THB 289mn, up from normalized tax expense of THB 233mn during 1H19. Tax expenses increased in correspondence to the strong ambient business and PetCare business performance, which resulted in higher tax payment.

**Net profit**

2Q20 reported net profit was THB 1,716mn, up 1,440% YoY. This is mainly accounted for the absence of US legal fee net of tax amounted to THB1,402mn occurred during 2Q19. 1H20 reported net profit of THB 2,732mn, up 97% YoY.

Excluding the US legal fee and related tax impact, 2Q20 net profit still demonstrates a growth of 13.4% YoY from 2Q19 normalized net profit of THB 1,513mn. 2Q20 net profit margin was 5.2%, up from 4.7% a year ago.

**Dividend payment**

The company announced interim dividend payment for the operating results during 1 January – 30 June, 2020 as per the resolution of the Board of Directors dated 11 August 2020 is 0.32 THB/share. Record date is on 26 August, 2020. Dividend will be paid on 8 September, 2020.

**Financial position analysis:**

As of 30 June 2020, Thai Union's total assets were at THB 139,323mn, down 1.8% from THB 141,909mn at the end of 2019, notably due to lower inventory, which is expected to pick up in 2H20.

Net inventories fell by 5.9% from 2019-end to THB 34,696mn at end-2Q20, mostly due to prudent inventory management and low level of seafood stock

toward the end of the 2Q20, which is expect to increase into 3Q20.

Trade and other receivables were at THB 13,904mn, down from end-2019 level of THB 14,869mn, despite sales growth. This lower receivable is mainly due to improved collection policy and efficiency.

2Q20-end total non-current assets was at THB 83,113mn, which was up only 0.9% from end-2019 at THB 82,362mn, mainly due to the normal investment and lower capital expenditure during 1H20.

Total current liabilities recorded a decrease of 7.8% from end-2019 to THB 33,032mn as at end-2Q20. The decrease was mainly due to short-term debt repayment from lower inventories and as a result, lower working capital requirement.

Total liabilities decreased by 4.7% (THB 4,268mn) to THB 85,846mn at end-2Q20, mainly due to continued debt repayment and lower working capital funding.

Total shareholders' equity, excluding the perpetual debenture and minority interest, increased by 3.6% (+THB 1,541mn) from end-2019 to THB 44,015mn as the company continued to report strong net profit during 1H20.

### Cash Flow analysis:

During 1H20, net cash receipts from operating activities were THB 8,456mn. Positive cash flow was driven mostly by profitable operations (EBITDA: THB 5,984mn in 1H20). Moreover, efficient working capital management has also eased the pressure on working capital requirement from lower inventory. Despite increasing sales (YTD sales growth of +4.2% YoY), 2Q20 inventory value declined by 5.9% from 2019-end. 2Q20 net working capital days were at 105 days, slightly improved from 109 days during 2Q19-end.

Net cash payments for investing activities were THB 1,861mn, which is well on track with the revised capital expenditure plan of THB 3.7bn (from THB 4.9bn planned at the beginning of the year). The company focused capex on the efficiency enhancing and growth project under current environment.

Thai Union recorded net cash payment for financing activities of THB 6,039mn during 1H20, largely from regular debt repayment during the period, including interest paid on perpetual debentures and lower cash received from investment in affiliate.

Net increase in cash and cash equivalents, including exchange losses, was at THB 633mn resulting with the end-2Q20 cash and cash equivalents of THB 5,322mn (including the impact from the use of Bank Overdraft).

### Financial ratio highlights:

	2Q20	2Q19	1Q20
A/R Days	34	34	35
Inventory Days	120	124	122
Current Ratio (x)	1.70	1.24	1.58
ROCE (%)	8.3%	8.7%	8.3%
ROE (%)	11.9%	13.4%	11.5%
ROA (%)	5.8%	6.1%	5.8%
ND/E (x)	0.96	1.38	1.05
ND/EBITDA (x)	4.32	5.27	4.64
Interest Coverage (x)	5.41	4.54	3.84
BV (Baht/share)	9.22	8.91	9.04

*Remark:*

*Current ratio = Total current assets / total current liability*

*ROCE = 12-month rolling EBIT / Average capital employed*

*Capital Employed = total assets - total current liabilities (incl. current portion of long-term debt)*

*ROE = 12-month rolling net profit / average total shareholders' equity*

*ROA = 12-month rolling EBIT / average total assets*

*ND/E = Interest-bearing debt – cash & cash equivalents / total shareholders' equity*

*Debt/EBITDA = Interest-bearing debt / EBITDA*

*Interest coverage = EBIT / interest expense*

*BV = Total shareholders' equity / outstanding shares*

Receivable days as of 2Q20 was at 34 days, which was stable from the previous year, due to the company remained focused on cash conversion and collection, despite the COVID-19 pandemic impact is felt throughout the 2Q20.

Inventory days during 2Q20 also decreased to 120 days, from 124 days a year ago. This resulted from a keen focus on efficient inventory management. It is worth noting that the 2Q20-end inventories is lower-than-usual, thus expected to pick up in 2H20.

The current ratio at end-2Q20 was at 1.70 times significantly improved from 1.24 times at end-2Q19, mainly from short-term debt repayment.

2Q20 ROCE was at 8.3%, slightly decreased from 8.7% in 2Q19, mainly due to capital employed was higher as a result of perpetual debentures worth THB 6.0bn, which accounted as part of shareholders' equity in 2020, while profitability was quite stable. (Normalized EBIT +1.2% YoY)



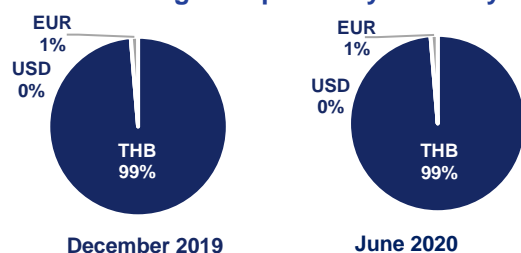
Interest-bearing debt decreased by THB 3,059mn from end-2019 (down 5.1% YoY), due to both regular debt repayment and lower working capital funding toward the end-2020. As a result, the net debt-to-equity was at 0.96 times, down from the end-2019 level of 1.07 times.

The company continues to maintain a strong cash flow generation ability, enabling it to meet debt obligation during the quarter.

2Q20 net debt to EBITDA ratio continued reducing to 4.32 times, from 5.27 times at end-2Q19 caused by the significant lower interest bearing debt (-11.9% YoY) and improved EBITDA (+2.4% YoY).

Interest coverage ratio during 2Q20 was at 5.41 times, up from 4.54 times in 2Q19, mostly due to lower finance cost (-15.0% YoY).

### Interest-bearing debt profile by currency:

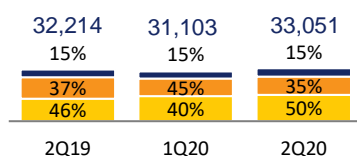


As of end-2Q19, interest-bearing debts were at THB 56,846mn, mainly denominated in the local currency. THB debt accounted for 99%, while EUR debt was 1% of total interest-bearing debt.

### Business overview by business unit:

#### Total sales value

Unit: THB mn



+2.6% YoY, +6.3% QoQ

- Ambient seafood
- Frozen, chilled seafood & related
- PetCare, value added & others

### Ambient seafood<sup>1</sup>:

#### Delivering strong growth with stable raw material prices

	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Value</b>	<b>14,031</b>	<b>14,466</b>	<b>13,268</b>	<b>15,631</b>	<b>16,394</b>
Brand	59.3%	57.5%	48.3%	60.2%	57.4%
PL	40.7%	42.5%	51.7%	39.8%	42.6%
<b>Volume</b>	<b>78,018</b>	<b>90,353</b>	<b>87,580</b>	<b>99,599</b>	<b>101,136</b>

Value (unit: THB mn), Volume (unit: ton)

Remark: PL stands for Private Label business

2Q20 ambient sales increased 16.8% YoY, due largely to the volume growth of 29.6% YoY.

The increased ambient business sales, in both branded (+13.0% YoY) and private label (+22%), was attributable mainly to a social distancing effort and increased home cooking as many restaurants were closed.

Gross profit was up 22% YoY to THB3.8bn driven by both strong sales growth and margin enhancement due to strong growth in higher-margin branded business.

1H20 ambient business sales was at THB 32bn, up 16.5% YoY, with gross profit increased 21.5% YoY.

### Frozen, chilled seafood and related<sup>2</sup>: Lower sales from shutdown

	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Value</b>	<b>13,435</b>	<b>12,768</b>	<b>14,691</b>	<b>10,944</b>	<b>11,554</b>
Brand	37.6%	35.6%	36.3%	37.7%	34.4%
PL	62.4%	64.4%	63.7%	62.3%	65.6%
<b>Volume</b>	<b>68,504</b>	<b>73,084</b>	<b>74,436</b>	<b>61,179</b>	<b>61,284</b>

Value (unit: THB mn), Volume (unit: ton)

While 2Q20 frozen and chilled seafood sales was down 14.0% YoY with sales volume was down 10.5% YoY.

Food service businesses were affected, which in turn affect sales of the frozen businesses.

TU started to see some sales recovery toward the end of 2Q20 as more food service operators were gradually opening.

During 1H20, frozen, chilled seafood and related businesses saw sales declined by 9.9% YoY to THB 22.5bn.

### PetCare, value-added and others<sup>3</sup>: Strong growth with a focus on higher margin business

	2Q19	3Q19	4Q19	1Q20	2Q20
<b>Value</b>	<b>4,604</b>	<b>4,896</b>	<b>4,896</b>	<b>4,528</b>	<b>5,103</b>
Brand	7.7%	5.9%	5.9%	7.8%	5.5%
PL	92.3%	94.1%	94.1%	92.2%	94.5%
<b>Volume</b>	<b>68,874</b>	<b>74,452</b>	<b>74,452</b>	<b>62,852</b>	<b>73,322</b>

Value (unit: THB mn), Volume (unit: ton)

2Q20 PetCare and value added sales increased 7.5% on the back of increasing volume, which is attributable to a keen focus on higher margin value-added products.

Gross margin improved to 26%, which is partly due to stable raw material price in recent quarters.

Remark:

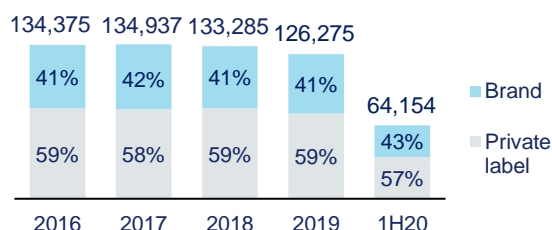
<sup>1</sup> Ambient seafood business includes entire tuna, entire sardine & mackerel and ambient & pouch salmon businesses

<sup>2</sup> Frozen, chilled seafood and related business includes shrimp & related (shrimp, lobster, shrimp feed & value-added shrimp), frozen, chilled & smoked salmon and other seafood (frozen cephalopod, crab, scallop, shellfish and other fish) businesses

<sup>3</sup> PetCare, value added & others business includes PetCare, value-added businesses (Ready-to-Eat products, maguro & cephalopod sashimi, local products, bakery products and snack)

### Sales breakdown by brand vs. private label:

Unit: THB million



1H20 branded sales outgrow private label business, with sales mix at 43% and 57%, respectively.

1H20 total branded sales increased 4.5% YoY, as European and US ambient business sales improved YoY.

1H20 private label sales still reported sales growth of 3.9%. While many food service customers reduce purchases, the segment sales decline was more than offset by private label ambient business sales.

### Business overview by region:

THB Mn	2016	2017	2018	2019	1H20
<b>Total sales</b>	<b>134,375</b>	<b>134,937</b>	<b>133,285</b>	<b>126,275</b>	<b>64,154</b>
USA	39.4%	38.8%	37.7%	39.6%	40.9%
Europe	32.5%	30.8%	30.4%	27.9%	29.4%
Japan	6.4%	6.3%	5.7%	5.8%	5.2%
<b>Domestic</b>	<b>8.3%</b>	<b>9.2%</b>	<b>10.5%</b>	<b>11.5%</b>	<b>10.4%</b>
Others	13.4%	14.9%	15.7%	15.2%	14.2%

Remark: \*Others represent Asia, Australia, Middle East, Canada, Africa, South America and others

1H20 Sales contribution shifted in favor of US markets.

US and European sales increased 8% and 5% respectively from growing ambient seafood demand.

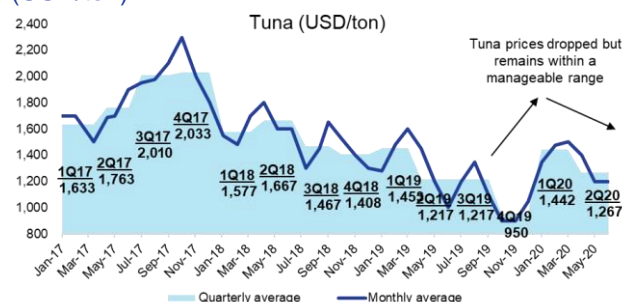
Domestic Thailand sales was down to 10% of total sales from lower tourism activities.

### Key operating factors:

#### Raw material prices

#### Skipjack tuna

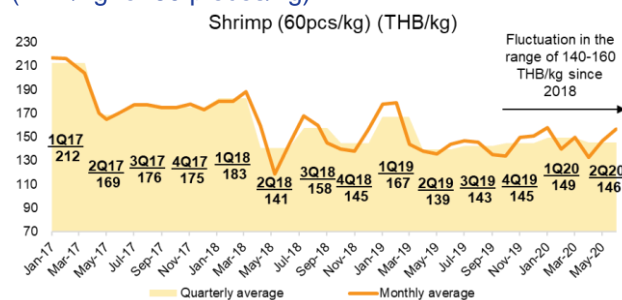
(USD/ton)



In July 2020, tuna price closed at USD 1,550/ton. In 2Q20, average price was at USD 1,267/ton (+4.1% YoY, -12.1% QoQ).

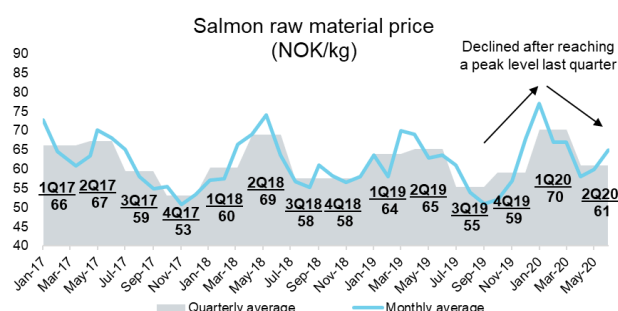
#### White shrimp

(THB/kg. of 60 pieces/kg)



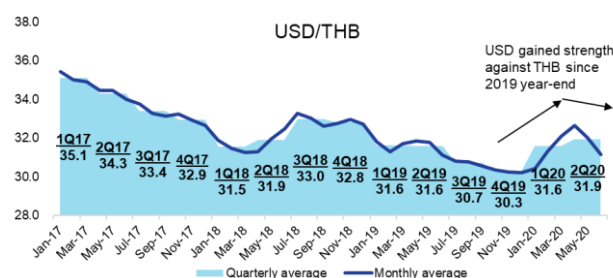
In July 2020, shrimp price closed at THB 158/kg. In 2Q20, average price was at THB 146/kg (+4.5% YoY, -2.5% QoQ).

### Salmon (NOK/kg)



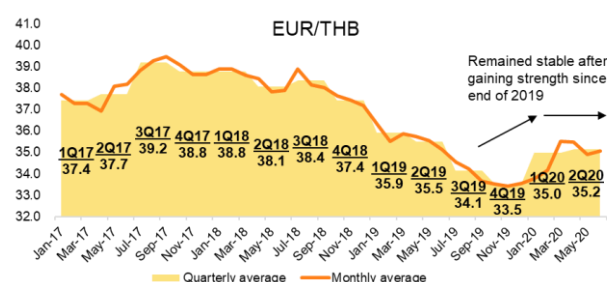
In July 2020, salmon price closed at NOK 56/kg.  
In 2Q20, average price was at NOK 61/kg (-6.5% YoY, -13.3% QoQ).

### Exchange rates USD/THB



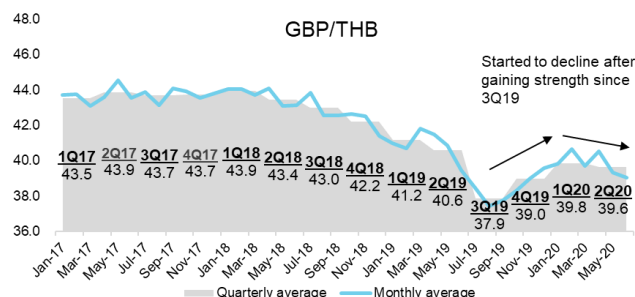
In July 2020, USD/THB closed at THB 31.41.  
In 2Q20, average USD/THB was at THB 31.95 (+1.1% YoY, +1.1% QoQ).

### EUR/THB



In July 2020, EUR/THB closed at THB 35.92.  
In 2Q20, average EUR/THB was at THB 35.15 (-0.9% YoY, +0.5% QoQ).

### GBP/THB



In July 2020, GBP/THB closed at THB 39.73.  
In 2Q20, average GBP/THB was at THB 39.64 (-2.4% YoY, -0.5% QoQ).

### Key developments

#### Impacts from COVID-19

**Overall impact from COVID-19 has been positive for Thai Union's operations during 1H20**

- Ambient business saw strong sales push in all regions during 1H20, driven by increased demand for canned seafood products during the pandemic.
- Food service customers were affected during shutdown. As cities resume, this has kick-started the frozen business in late 2Q20 and frozen business is expected to recover.
- With a global supply chain, our operations remained largely uninterrupted.

#### Strategic Investments

**All Red Lobster restaurants are now open to serve great tasting seafood to American consumers**

- All Red Lobster outlets are open as usual for off-premise (ToGo, curbside pickup, and delivery), which has tripled during the COVID-19 pandemic.
- 600+ restaurants (more than 80%) are open for dining halls with focus on preventive measures to maintain a safe, high quality guest experience, such as touchless delivery and payments and QR code-enabled menus.
- Several restaurants have started outdoor dining service, while the majority of dining halls are currently at 50-75% guest capacity.
- Since the onset of the pandemic, Red Lobster has implemented several other key initiatives, including business model simplification and

menu innovations to reduce food cost and improve cost efficiency, and reduced marketing and SG&A expenses.

- Operational fortification for a second wave is ongoing and continued cash focus is paramount.

### **Thai Union deepens commitment into leading Russian seafood enterprise**

- Thai Union has increased its holdings into TUMD Luxembourg S.a.r.l (TUMD) in July 2020, from 45% to 90% equity stake.
- The entity is a retail focused fish and seafood business, and it is Russia's number one canned tuna producer.

### **Corporate Action**

#### **Qfresh rebranded as the online channel becomes a key opportunity**

- During COVID-19, online channels have become more important for the retail grocery industry.
- Through our collaboration with Thammachart Seafood, Qfresh has been rebranded to appeal to younger, tech-savvy consumers.

#### **Closure of one of a subsidiary's (Pakfood) plants in Pakpanung, Nakorn Si Thammarat**

- Thai Union has decided to close one of Pakfood plants in Pakpanung, Thailand, producer of pasteurised crab meat. The plant ceased production on June 9.
- This was due to increased difficulty to procure the right raw materials and lack of competitiveness which ensued, as well as impact from COVID-19.
- Pakpanung plant has contributed less than 0.2% of total 2019 revenue, while majority of Pakfood continues to play a vital role in our growth and operations. We do not expect to see significant impact on Thai Union's business.

### **Innovation**

#### **Thai Union increases its commitment to innovation**

- SPACE-F has recently announced a leading Thai beverage company, ThaiBev as a new corporate partner. Betagro and Deloitte have also joined as the new supporting partners in the 2nd year of its operation.

- The application for the 2nd batch of start-ups (BATCH II) was opened until 1 August, 2020.
- SPACE-F is the first food-tech incubator and accelerator program in Thailand, co-founded in 2019 by Thai Union, National Innovation Agency (NIA), and Mahidol University.

### **Sustainability**

#### **Thai Union releases 7th annual Sustainability Report**

- Thai Union's seventh annual Sustainability Report details its performance against KPIs outlined in the global sustainability strategy, SeaChange®.
- The 2019 report was prepared in accordance with Global Reporting Initiative (GRI) Standards: Core Option and Food Processing Sector Supplement (FPSS).
- The 2019 Sustainability Report can be downloaded [here](#) or visit: [www.thaiunion.com/en/sustainability/report](http://www.thaiunion.com/en/sustainability/report)

#### **Interim dividend payment**

- Interim dividend payment for the operating results during 1 January – 30 June, 2020 as per the resolution of the Board of Directors dated 11 August 2020 is 0.32 THB/share. Record date is on 26 August, 2020. Dividend will be paid on 8 September, 2020.



**Statement of Income**

(Unit: THB mn)	Consolidated							
	2Q20	% to sales	2Q19	% to sales	1Q20	% to sales	2Q20 2Q19 Change	2Q20 1Q20 Change
Sales	33,051	100%	32,214	100%	31,103	100%	2.6%	6.3%
Cost of sales	(27,024)	-81.8%	(26,850)	-83.3%	(26,063)	-83.8%	0.6%	3.7%
<b>Gross profit</b>	<b>6,027</b>	<b>18.2%</b>	<b>5,364</b>	<b>16.7%</b>	<b>5,040</b>	<b>16.2%</b>	<b>12.4%</b>	<b>19.6%</b>
SG&A expenses	(3,661)	-11.1%	(5,652)	-17.5%	(3,511)	-11.3%	-35.2%	4.3%
FX gain (loss)	206	0.6%	164	0.5%	(262)	-0.8%	25.0%	-178.5%
Other income	378	1.1%	498	1.5%	418	1.3%	-24.1%	-9.7%
Share of profits from investments in assoc. & Jvs	(579)	-1.8%	110	0.3%	(18)	-0.1%	-627.7%	3155.3%
<b>EBIT</b>	<b>2,370</b>	<b>7.2%</b>	<b>484</b>	<b>1.5%</b>	<b>1,668</b>	<b>5.4%</b>	<b>390.1%</b>	<b>42.1%</b>
Finance cost	(438)	-1.3%	(516)	-1.6%	(434)	-1.4%	-15.0%	0.9%
<b>EBT</b>	<b>1,932</b>	<b>5.8%</b>	<b>(32)</b>	<b>-0.1%</b>	<b>1,233</b>	<b>4.0%</b>	<b>-6075.3%</b>	<b>56.7%</b>
Tax	(140)	-0.4%	260	0.8%	(149)	-0.5%	-154.0%	-5.6%
Profit (Loss) from discontinued operation	(14)	0.0%	(29)	-0.1%	(6)	0.0%	-51.7%	115.9%
<b>Net income</b>	<b>1,778</b>	<b>5.4%</b>	<b>199</b>	<b>0.6%</b>	<b>1,078</b>	<b>3.5%</b>	<b>794.0%</b>	<b>64.9%</b>
<b>Net income (loss) attributable to:</b>								
<b>Equity holders of the Company</b>	<b>1,716</b>	<b>5.2%</b>	<b>111</b>	<b>0.3%</b>	<b>1,016</b>	<b>3.3%</b>	<b>1439.5%</b>	<b>68.9%</b>
Non-controlling interests of the subs	62	0.2%	87	0.3%	62	0.2%	-29.5%	-0.4%
<b>Earnings per share</b>								
Basic earnings per share	0.34		0.02		0.20		1373.1%	74.6%
<b>Exchange rate</b>								
THB/USD	31.95		31.59		31.29		1.1%	2.1%

**Statement of Income (excluding US legal expenses)**

(Unit: THB mn)	Consolidated							
	2Q20	% to sales	2Q19*	% to sales	1Q20	% to sales	2Q20 2Q19 Change	2Q20 1Q20 Change
Sales	33,051	100%	32,214	100%	31,103	100%	2.6%	6.3%
Cost of sales	(27,024)	-81.8%	(26,850)	-83.3%	(26,063)	-83.8%	0.6%	3.7%
<b>Gross profit</b>	<b>6,027</b>	<b>18.2%</b>	<b>5,364</b>	<b>16.7%</b>	<b>5,040</b>	<b>16.2%</b>	<b>12.4%</b>	<b>19.6%</b>
SG&A expenses	(3,661)	-11.1%	(3,794)	-11.8%	(3,511)	-11.3%	-3.5%	4.3%
FX gain (loss)	206	0.6%	164	0.5%	(262)	-0.8%	25.0%	-178.5%
Other income	378	1.1%	498	1.5%	418	1.3%	-24.1%	-9.7%
Share of profits from investments in assoc. & Jvs	(579)	-1.8%	110	0.3%	(18)	-0.1%	-627.7%	3155.3%
<b>EBIT</b>	<b>2,370</b>	<b>7.2%</b>	<b>2,341</b>	<b>7.3%</b>	<b>1,668</b>	<b>5.4%</b>	<b>1.2%</b>	<b>42.1%</b>
Finance cost	(438)	-1.3%	(516)	-1.6%	(434)	-1.4%	-15.0%	0.9%
<b>EBT</b>	<b>1,932</b>	<b>5.8%</b>	<b>1,825</b>	<b>5.7%</b>	<b>1,233</b>	<b>4.0%</b>	<b>5.8%</b>	<b>56.7%</b>
Tax	(140)	-0.4%	(196)	-0.6%	(149)	-0.5%	-28.5%	-5.6%
Profit (Loss) from discontinued operation	(14)	0.0%	(29)	-0.1%	(6)	0.0%	-51.7%	115.9%
<b>Net income</b>	<b>1,778</b>	<b>5.4%</b>	<b>1,601</b>	<b>5.0%</b>	<b>1,078</b>	<b>3.5%</b>	<b>11.1%</b>	<b>64.9%</b>
<b>Net income (loss) attributable to:</b>								
<b>Equity holders of the Company</b>	<b>1,716</b>	<b>5.2%</b>	<b>1,513</b>	<b>4.7%</b>	<b>1,016</b>	<b>3.3%</b>	<b>13.4%</b>	<b>68.9%</b>
Non-controlling interests of the subs	62	0.2%	87	0.3%	62	0.2%	-29.5%	-0.4%
<b>Earnings per share</b>								
Basic earnings per share	0.34		0.32		0.20		8.5%	74.6%
<b>Exchange rate</b>								
THB/USD	31.95		31.59		31.29		1.1%	2.1%

\*Based on normalized basis

**Statement of Financial Position**

(Unit: THB mn)	2Q20	% to total assets	2019	% to total assets	Change
Cash and cash equivalents*	5,322	3.8%	4,689	3.3%	13.5%
Trade and other receivables - net	13,904	10.0%	14,869	10.5%	-6.5%
Inventories - net	34,696	24.9%	36,873	26.0%	-5.9%
Other current assets	2,288	1.6%	3,115	2.2%	-26.5%
<b>Total current assets</b>	<b>56,211</b>	<b>40.3%</b>	<b>59,547</b>	<b>42.0%</b>	<b>-5.6%</b>
Fixed assets	27,863	20.0%	27,500	19.4%	1.3%
Investments	22,309	16.0%	22,031	15.5%	1.3%
Goodwill and other intangible assets	28,417	20.4%	27,899	19.7%	1.9%
Other non-current assets	4,524	3.2%	4,932	3.5%	-8.3%
<b>Total Assets</b>	<b>139,323</b>	<b>100%</b>	<b>141,909</b>	<b>100%</b>	<b>-1.8%</b>
Bank overdrafts and short-term loans	11,721	8.4%	11,277	7.9%	3.9%
Trade and other payables	18,072	13.0%	19,323	13.6%	-6.5%
Current portion of long-term loans	2,085	1.5%	4,003	2.8%	-47.9%
Other current liabilities	1,155	0.8%	1,205	0.8%	-4.1%
<b>Total current liabilities</b>	<b>33,032</b>	<b>23.7%</b>	<b>35,808</b>	<b>25.2%</b>	<b>-7.8%</b>
Long-term loans	43,040	30.9%	44,625	31.4%	-3.6%
Other non-current liabilities	9,773	7.0%	9,681	6.8%	0.9%
<b>Total Liabilities</b>	<b>85,846</b>	<b>61.6%</b>	<b>90,114</b>	<b>63.5%</b>	<b>-4.7%</b>
Non-controlling interests of the subsidiaries	3,513	2.5%	3,372	2.4%	4.2%
<b>Total Shareholders' Equity</b>	<b>44,015</b>	<b>31.6%</b>	<b>42,474</b>	<b>29.9%</b>	<b>3.6%</b>
<b>Total liabilities and shareholders' equity</b>	<b>139,323</b>	<b>100%</b>	<b>141,909</b>	<b>100%</b>	<b>-1.8%</b>

\*Including short term investment

**Cash flow statement**

(Unit: THB mn)	Consolidated		
	1H20	1H19	Change
<b>Profit before income tax</b>	<b>3,145</b>	<b>1,349</b>	<b>1,796</b>
Adjustments for depreciation & amortisation expenses	1,946	1,803	143
Other adjustments	1,058	970	88
Changes in operating assets and liabilities	2,568	484	2,084
Cash flows receipts from operating activities	8,717	4,606	4,111
<b>Net cash receipts (payments) from operating activities</b>	<b>8,456</b>	<b>4,654</b>	<b>3,802</b>
<b>Net cash payments for investing activities</b>	<b>(1,861)</b>	<b>(2,307)</b>	<b>446</b>
<b>Net cash receipts (payments) for financing activities</b>	<b>(6,039)</b>	<b>(3,004)</b>	<b>(3,035)</b>
Net increase (decrease) in cash and cash equivalent	556	(657)	1,213
Cash and cash equivalents - opening balance	4,483	1,311	3,173
Exchange gain (loss) on cash and cash equivalents	(39)	(59)	20
<b>Cash and cash equivalents - closing balance</b>	<b>5,000</b>	<b>594</b>	<b>4,406</b>
<b>CAPEX</b>	<b>2,169</b>	<b>2,029</b>	<b>140</b>
Management Est. Free Cash Flows*	6,687	2,437	4,250

\*Figures as reported in August 2020