

Record quarterly performance in 3Q22 with topline above THB 40bn for the first time ever and net profit marked a new high of THB 2.5bn

Revenue

Thai Union delivered all-time high quarterly sales in 3Q22 from higher selling prices, volume growth, and favorable FX. Quarterly sales were THB 41bn for the first time ever, from all core businesses, PetCare & value-added (+55.9% YoY) and ambient seafood (+13.6% YoY), while frozen and chilled seafood remained stable, despite market normalization in the U.S.

Gross profit and margin

3Q22 quarterly gross profit was record high at THB 7.4bn, increased 15.8% YoY, driven by growth in PetCare and value-added from higher selling prices and product mix, and ambient seafood from our price increase strategy, offset by a drop in frozen businesses due to market normalization in the U.S. and high raw material prices. Gross profit margin (GPM) was strong at 18.2%, in line with last year's record performance.

Operating profit

3Q22 operating profit was at THB 2.3bn, increasing 23.9% YoY and higher than sales growth, mainly thanks to category mix and SG&A/sales ratio decreasing to 12.4% in 3Q22 vs. 12.7% in 3Q21 from lower marketing and advertising expenses. SG&A expenses (+12.4% YoY), in line with sales growth.

Net profit and margin

TU reported 3Q22 record quarterly net profit at THB 2.5bn, increased 30.7% YoY, mainly from strong operating profit from volume growth, favorable FX, and category mix, as well as positive impacts from FX gains and higher tax credit of THB 136mn in 3Q22.

This was partially offset by higher share of loss from Red Lobster and lower other income from Red Lobster's preferred shares fair value adjustment. Net profit margin (NPM) was solid at 6.2%.

Cash flow and ND/E

3Q22 free cash flow (FCF) turned positive, driven by strong EBITDA, partially offset by a temporary impact from the increase in net working capital due to higher inventory, high trade receivables from record sales, and 1H22 interim dividend payment. TU's end-3Q22 net D/E ratio was at 1.13x.

Stock Information

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

Share price (1/11/2022)	THB 18.20
Historical closing price:	
52-week high	THB 21.50
52-week low	THB 15.20
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 86.8bn
Avg. value trade/day (YTD)	THB 599.0mn

Major shareholders (23/08/2022)

Chansiri Family	20.44%
Thai NVDR Co., LTD.	9.60%
Niruttinanon Family	6.90%
Mitsubishi Corporation	6.24%
Ms. Jarunee Chinwongworakul	4.44%
Social Security Office	3.36%

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 Ambient seafood, Frozen and Chilled seafood and related business, and PetCare, Value-added. 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, supporting our goal of Healthy Living, Healthy Oceans.

Key financial figures

Unit: THB mn	3Q22	3Q21	2Q22	9M22	9M21
Sales	40,756	35,539	38,946	115,974	102,547
Gross profit	7,399	6,391	6,584	20,338	18,703
EBITDA	4,160	3,780	2,840	10,039	11,341
Net profit	2,530	1,937	1,624	5,900	6,083
EPS (THB)	0.54	0.40	0.33	1.24	1.26
GPM (%)	18.2%	18.0%	16.9%	17.5%	18.2%
NPM (%)	6.2%	5.4%	4.2%	5.1%	5.9%
ND/E (x)	1.13	1.08	1.09	1.13	1.08
ROCE (%)	8.3%	10.3%	8.4%	8.3%	10.3%
ND/EBITDA (x)	5.26	4.39	5.17	5.26	4.39

Financial Statements Analysis:

Unit: THB mn	3Q22	3Q21	YoY	2Q22	QoQ
Sales	40,756	35,539	14.7%	38,946	4.6%
COGS	(33,357)	(29,148)	14.4%	(32,361)	3.1%
GP	7,399	6,391	15.8%	6,584	12.4%
SG&A	(5,064)	(4,506)	12.4%	(4,920)	2.9%
FX gain (loss)	792	347	128.1%	498	59.1%
Other income	157	498	-68.5%	(66)	-337.9%
Share of profits from investments in assoc. & JVs	(256)	(3)	-9143.5%	(283)	9.5%
Loss from impairment of financial assets, net	(53)	(17)	-216.2%	(22)	-137.9%
EBIT	2,974	2,711	9.7%	1,791	66.1%
Finance cost	(517)	(444)	-16.4%	(465)	-11.2%
EBT	2,457	2,266	8.4%	1,326	85.3%
Tax	136	(251)	154.2%	346	60.7%
Net income	2,530	1,937	30.7%	1,624	55.8%
EPS	0.54	0.40	36.0%	0.33	63.3%
FX: USD/THB	36.41	32.92	10.6%	34.40	5.9%
GPM	18.2%	18.0%		16.9%	
%SG&A/Sales	12.4%	12.7%		12.6%	
NPM	6.2%	5.4%		4.2%	

Sales

Thai Union delivered all-time high sales in 3Q22 at THB 40,756mn, up 14.7% YoY, driven by PetCare and value-added (+55.9% YoY), ambient seafood (+13.6% YoY), and favorable FX, while frozen and chilled seafood was stable YoY.

- The ambient seafood business recorded all-time high sales at THB 17.0bn in 3Q22, mainly supported by higher selling prices, favorable FX, and strong demand, particularly in Asia and the U.S. Sales increased in both branded and private label, despite concern of recession.
- The frozen and chilled seafood business sales maintained YoY, despite last year's exceptional performance in the U.S., from the recovery in Asia and Europe, offset by declining feed business due to product portfolio adjustments.
- The PetCare and value-added business grew exceptionally, thanks to continued strong demand in PetCare business, low baseline comparison after last year's temporary factory closure during the pandemic, higher selling prices, higher volumes to support customer's marketing activities, and favorable FX.

During 3Q22, the Thai Baht moved against key currencies as follows; USD/THB (+10.6% YoY), EUR/THB (-5.5% YoY), and GBP/THB (-5.6% YoY). USD/THB movement was a key factor supporting our sales growth. Excluding FX impact, sales in 3Q22 still grew strongly at 12.3% YoY.

3Q22 sales volumes increased 8.1% YoY, mainly thanks to higher volumes of PetCare and value-added, offset by ambient seafood and frozen and chilled seafood businesses shortfall.

Gross profit and gross profit margin (GPM)

3Q22 gross profit rose 15.8% YoY and 12.4% QoQ to THB 7,399mn, with strong GPM at 18.2% vs. 18.0% in 3Q21, mainly from:

- Ambient seafood: gross profit and GPM increased YoY, thanks to higher selling prices from our price negotiation strategy, product mix, and cost efficiency management.
- Frozen and chilled seafood: gross profit and GPM was impacted by market price normalization in the U.S., particularly lobster and crab, a high level of logistics costs, and higher raw material prices, particularly salmon.
- PetCare and value-added: gross profit and GPM exceptionally increased, driven by strong PetCare demand, higher selling prices, and our strategy to focus on new, innovative products with higher margin

	GPM (%)		Gross profit (THBmn)		
	3Q22	3Q21	3Q22	3Q21	YoY
Overall	18.2%	18.0%	7,399	6,391	15.8%
Ambient	22.9%	20.7%	3,882	3,094	25.5%
Frozen & chilled	6.4%	13.1%	944	1,940	-51.3%
PetCare & value-added	28.7%	23.6%	2,572	1,357	89.5%

Selling and administrative expenses

3Q22 SG&A expenses increased 12.4% YoY, or THB 558mn, in line with sales growth. SG&A expenses includes freight cost increase of ~THB 370mn in 3Q22 (vs THB ~468mn in 3Q21).

3Q22 SG&A to sales ratio was at 12.4%, declined from 12.7% in 3Q21, thanks to lower marketing and advertising activities expenses.

FX Gain/Loss

Thai Union reported 3Q22 FX gains of THB 792mn (vs. FX gains of THB 347mn in 3Q21), thanks to Thai Baht depreciation against USD of 10.6% YoY.

Share of income from investment in associates

3Q22 share of loss was at THB 256mn (vs. THB 3mn share of loss in 3Q21). The loss contribution came from:

Red Lobster's operations in 3Q22 was at THB 456mn share of loss (THB 339mn loss from operations and THB 117mn loss from lease accounting adjustment). This was higher than THB 171mn loss contribution in 3Q21 (THB 63mn loss from operations and THB 108mn loss from lease accounting adjustment).

The Avanti business contributed slightly higher share of profit YoY, thanks to improving feed and recovering frozen businesses.

Other income

3Q22 other income was at THB 157mn vs. THB 498mn in 3Q21, mostly decreased from lower Red Lobster preferred shares interest.

Finance cost

3Q22 finance costs were at THB 517mn vs. THB 444mn in 3Q21, mainly due to increasing net working capital and dividend payments made in 3Q22.

Income tax expense

3Q22 tax credit was at THB 136mn vs. tax expense of THB 251mn in 3Q21, explained by lower profitability from Red Lobster and our U.S. operations.

Net profit

3Q22 net profit delivered a quarterly record at THB 2,530mn, increased strongly by 30.7% YoY, thanks to strong operating profit from volume growth, favorable FX, and category mix, as well as positive impacts from FX gains and tax credit. NPM was exceptional at 6.2% vs. 5.4% in 3Q21.

Financial position analysis:

As of September 30, 2022, Thai Union’s total assets were at THB 178,920mn, increased by 7.4% from end-2021 at THB 166,604mn, from higher inventory and trade and other receivables, offset by lower cash and cash equivalents from the completed refinancing of matured long-term loans in January 2022.

Total liabilities increased to THB 115,278mn (up 10.4% from THB 104,391mn at end-2021), mainly from short-term debt increased to support higher inventory and trade and other receivables. The non-current liabilities rose by 9.0% from end-2021, given there were sustainability-linked term bonds issued during 1Q22.

Total equity (including perpetual debentures of THB 6bn) increased by 2.3% (+THB 1.4bn) from end-2021 to THB 63,642mn, thanks to 9M22 net profit and favorable change of hedging reserve during the quarter.

Cash Flow analysis:

In 9M22, net cash receipts for operating activities were at THB 453mn. Cash flow turns positive in 9M22, mostly driven by strong EBITDA of THB 10,039mn, partially offset by higher inventory and trade and other receivables.

Net cash payments for investing activities were at THB 2,539mn, decreased from THB 6,300mn at the same period of last year, mainly from lower new investments in associate (THB 0.3bn in 9M22 vs THB 3.0bn in 9M21), and cash receipts from short-term investments reaching maturity, and controlled CAPEX.

Thai Union recorded net cash payments from financing activities of THB 4,756mn in 9M22, which were largely due to cash repayments for long-term loans from financial institutions and debenture issuance which reached maturity in January 2022.

Net decrease in cash and cash equivalents, including exchange gains, was at THB 6,842mn, resulting to outstanding cash and cash equivalents of THB 2,290mn as of the end of this quarter (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	3Q22	3Q21	2Q22
A/R Days	35	35	35
Inventory Days	144	135	139
Current ratio (x)	1.52	1.31	1.65
ROCE (%)	8.3%	10.3%	8.4%
ROE (%)	14.8%	15.8%	13.8%
ROA (%)	5.4%	6.7%	5.5%
ND/E (x)	1.13	1.08	1.09
ND/EBITDA (x)	5.26	4.39	5.17
Interest Coverage (x)	7.24	8.54	7.32
BV (Baht/share)	11.51	10.68	11.33

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 / 12-month rolling EBITDA

Interest coverage = EBITDA / finance costs - 4Q trailing

BV = Total shareholders' equity / outstanding shares

3Q22 profitability ratios slightly decreased compared to a year ago with ROCE at 8.3% (vs. 10.3% in 3Q21); ROE at 14.8% (vs. 15.8% in 3Q21); and ROA at 5.4% (vs. 6.7% in 3Q21), primarily due to overall EBIT and net profit decreasing from the same period last year.

3Q22 receivable days remained at 35 days compared to 3Q21, from higher trade receivables in relation to record sales during the quarter.

3Q22 inventory days were up to 144 days, from 135 days in 3Q21, due to higher inventory value (+20.8% YoY), mainly from inflationary challenges and our strategic decision to increase inventories to cope with inflation and ongoing logistic issues.

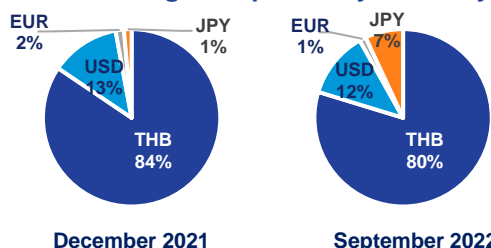
The Current ratio at end-3Q22 was at 1.52x, increased from 1.31x in 3Q21, as a result of a significant increase in inventory value (+20.8% YoY) and trade and other receivables (+20.2%).

Interest-bearing debt increased by THB 2.8bn from end-2021 (+4.0%), due to the increase in short-term loans from financial institutions to support net working capital, offset by long-term loans which reached maturity in January 2022. 3Q22 net debt-to-equity was at 1.13x, up from 0.99x at end-2021.

The net-debt to EBITDA ratio increased to 5.26x as of end-3Q22, from 4.11x as of end-2021, mainly explained by decreased EBITDA and higher interest-bearing debt compared to end-2021.

The interest coverage ratio during 3Q22 was at 7.24x vs. 8.54x in 3Q21, largely from lower EBITDA (-11.5% YoY) and higher finance costs (+11.9% YoY).

Interest-bearing debt profile by currency:



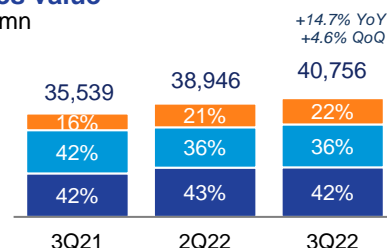
As of end-3Q22, interest-bearing debt amounted to THB 73,907mn, mainly denominated in the local currency. THB debt accounted for 80%, USD at 12%, JPY at 7%, and EUR at 1%. The amount of interest-bearing debt increased from end-2021 mainly due to short-term loans increased to support operations despite the repayment of bonds and loans which matured in January 2022.

There were manageable risks from higher interest rates, which are mainly from short-term working capital, as our interest rates are 60% fixed and 40% floating.

Overview by business category:

Total sales value

Unit: THB mn



+14.7% YoY
+4.6% QoQ

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

Ambient seafood¹:

Record sales with healthy GPM

	3Q21	4Q21	1Q22	2Q22	3Q22	9M22
Value	14,954	15,149	15,527	16,912	16,985	49,424
Brand	61.5%	54.7%	52.3%	57.1%	57.4%	55.7%
PL	38.5%	45.3%	47.7%	42.9%	42.6%	44.3%
Volume	85,865	88,595	91,967	90,347	84,948	267,261

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

Remark: PL stands for Private Label business

¹ Ambient seafood business includes entire tuna, entire sardine & mackerel, ambient & pouch salmon businesses, and other ambient seafood.

3Q22 ambient seafood recorded 14% YoY strong growth quarterly sales, driven by higher selling prices and strong demand. This demand was led by private-label, particularly in Asia and the U.S., as canned tuna is a healthy food, rich in protein at affordable prices, particularly relevant in this context of recession.

3Q22 gross profit margin was solid at 22.9%, thanks to higher selling prices from our price negotiation strategy, product mix, and cost efficiency management.

9M22 sales grew 13% YoY with record sales in key markets from higher selling prices, strong demand, and favorable FX, after last year's normalization from pantry loading during the first wave of the pandemic in 9M20. Gross profit margin was healthy at 21.4%.

Frozen, chilled seafood and related²:

Stable sales YoY with softened GPM, despite last year's exceptional performance

	3Q21	4Q21	1Q22	2Q22	3Q22	9M22
Value	14,843	16,628	13,790	13,900	14,820	42,511
Brand	40.2%	37.8%	41.6%	38.0%	35.5%	38.3%
PL	59.8%	62.2%	58.4%	62.0%	64.5%	61.7%
Volume	77,100	72,637	64,146	71,086	73,704	208,936

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

² 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

3Q22 frozen and chilled seafood sales were stable YoY, despite last year's exceptional performance, particularly in the U.S, from the recovery in Asia and Europe. Volumes dropped YoY, mainly from the feed

business, due to the strategic focus on high margin products.

Gross profit was impacted by market price correction in the U.S., particularly in lobster and crab, a continuous high level of logistics costs, and higher raw material prices, particularly salmon.

9M22 frozen and chilled seafood sales grew 2% YoY, mainly from strong frozen businesses in Asia and Europe, supported by higher selling prices, partially offset by softer demand from retail and foodservice businesses in the U.S.

PetCare, value-added and others³: Exceptional sales and margin

	3Q21	4Q21	1Q22	2Q22	3Q22	9M22
Value	5,742	6,724	6,955	8,133	8,951	24,039
Brand	6.6%	6.0%	4.4%	5.3%	4.6%	4.8%
PL	93.4%	94.0%	95.6%	94.7%	95.4%	95.2%
Volume	67,542	74,880	78,814	83,096	90,589	252,500

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

³ PetCare, value-added & other businesses includes PetCare (wet seafood-based cat and dog foods, cat and dog food), value-added businesses (Ingredients, supplements, alternative protein, ready-to-eat products, packaging, surimi-based fish snacks, dim sum, packaged cooking sauce, scrap from fish and shrimp processing lines, crude and refined tuna oil, bakery products, printing service for can labels).

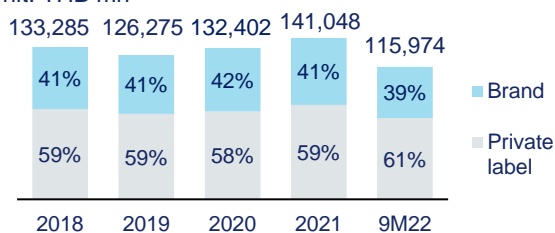
3Q22 PetCare and value-added sales grew exceptionally at 56% YoY, thanks to continued strong demand (+34% YoY), low baseline comparison after last year's temporary factory closure during the pandemic, higher selling prices, higher volumes to support customer's marketing activities, and favorable FX.

Gross margin was exceptional at 28.7%, driven by strong PetCare demand, higher selling prices, and our strategy to focus on new innovative products with higher margin products.

9M22 PetCare and value-added sales grew 42% YoY, driven by all business units, with a strong GPM at 27.6%.

Sales breakdown by brand vs. private label:

Unit: THB mn



9M22 branded and private-label business sales mix was at 39% and 61%, respectively.

9M22 total branded sales increased 3% YoY, mainly from strong demand for branded products with sales up 5% YoY, offset with a declining performance of the foodservice business.

9M22 total private label sales reported growth of 20% YoY, driven by higher demand from all three core businesses, especially in PetCare & value added and Ambient seafood.

Business overview by region:

THB mn	2018	2019	2020	2021	9M22
Total sales	133,285	126,275	132,402	141,048	115,974
USA	37.7%	39.6%	41.9%	43.1%	43.0%
Europe	30.4%	27.9%	29.0%	28.3%	26.1%
Japan	5.7%	5.8%	5.3%	5.1%	5.8%
Thailand	10.5%	11.5%	10.0%	10.3%	10.5%
Others	15.7%	15.2%	13.8%	13.2%	14.6%

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

9M22 sales rose strongly from all key regions, especially the U.S., Thailand, and Japan, thanks to higher selling prices, strong demand for PetCare & value-added and ambient seafood products, and Thai Baht depreciation of USD/THB (+10.6% YoY).

Sales in North America (the U.S. and Canada) rose by 13% YoY, driven by strong growth of PetCare, higher selling prices, and favorable FX for ambient seafood, partially offset by frozen seafood deterioration from market correction after last year's exceptional performance.

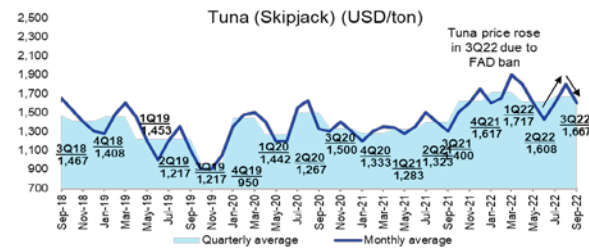
Sales in Europe increased 4% YoY, from higher selling prices and volume growth from all core businesses. Volumes remained strong in key markets, especially Germany, Italy, and France, offset with the UK, despite the energy crisis, recession concern, and Baht appreciation (GBP/THB 5.6% YoY) (EUR/THB 5.5% YoY).

Sales in Thailand and Japan were also up 16% YoY and 35% respectively, driven by gain more packaging market share, higher demand, increasing selling prices, and market expansion in key channels.

Key operating factors:

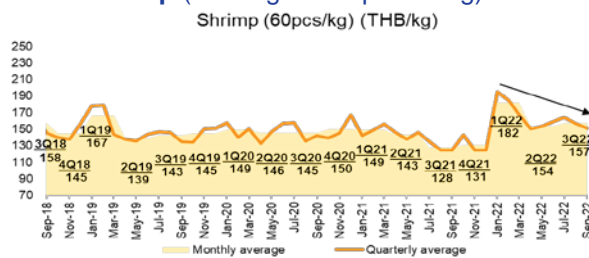
Raw material prices

Skipjack tuna (USD/ton)



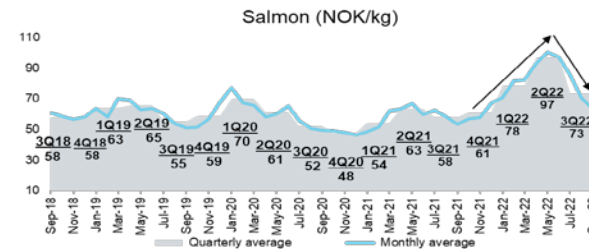
In Oct. 2022, tuna price was USD 1,580/ton. In 3Q22, avg. price was USD 1,667/ton (+19.0% YoY, +3.6% QoQ).

White shrimp (THB/kg. of 60 pieces/kg)



In Oct. 2022, shrimp price was THB 142/kg. In 3Q22, avg. price was THB 157/kg (+22.6% YoY, +2.2% QoQ).

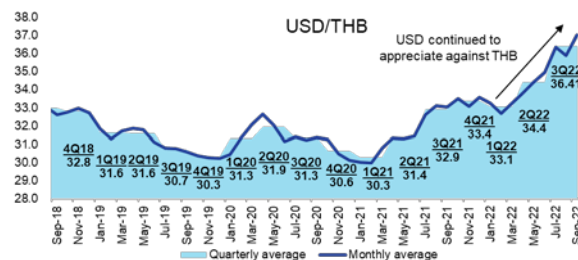
Salmon (NOK/kg)



In Sep. 2022, salmon price was NOK 63/kg. In 3Q22, avg. price was NOK 73/kg (+26.3% YoY, -24.4% QoQ).

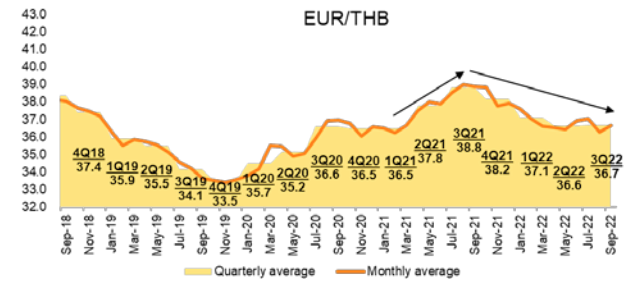
Exchange rates

USD/THB



In Oct. 2022, USD/THB was THB 37.92. In 3Q22, avg. was THB 36.41 (+10.6% YoY, +5.9% QoQ).

EUR/THB



In Oct. 2022, EUR/THB was THB 37.34. In 3Q22, avg. was THB 36.67 (-5.5% YoY, +0.1% QoQ).

GBP/THB



In Oct. 2022, GBP/THB closed at THB 42.86. In 3Q22, avg. was THB 42.83 (-5.6% YoY, -0.9% QoQ).

Key Developments

For more information, visit hyperlinks.

Strategic Corporate Actions

i-Tail Corporation (ITC) has already obtained SEC approval for its IPO

- As part of TU's focus to unlock hidden value and spin-off its high-potential businesses, ITC, our leading premium quality, flagship pet food producer globally, [ITC has already obtained SEC approval for its application for IPO on September 21, 2022.](#)

Red Lobster opened its first franchise in Thailand

- Our associate company in the U.S. and world's largest seafood restaurant chain opened a new branch in Bangkok in Sep 2022 through franchise model, operated by leading restaurant operator, ThaiBev, at Queen Sirikit National Convention Center (QSNCC), with plans to further expand 4 branches in 5 years.

CAPEX projects to support core & new businesses in Thailand (Samut Sakhon) and Ghana

- Culinary plant** for ready-to-eat products, a brand-new plant with +38% capacity and more

automation, which are expected to commercialize in 2Q23 (~THB 1.2bn).

- **Protein hydrolysate and collagen peptide plant** from fish head and skin co-products to serve fast-growing Asian markets. Expected to commercialize in 1Q23 (~THB 1.1bn).
- **Wet pet food and treat plant** for PetCare business with +18.7% capacity and new automated packing line. Expected to commercialize in 2023 (~THB 2.1bn).
- **Ambient tuna cold storage** to expand cold storage facility in Ghana with waste-water treatment. Expected to commercialize in 1H23 (~THB 0.6bn).

New, innovative products launched

- **Ambient:** Launched new, healthy products, i.e. Crispy Nam prik Tuna in Oct. 2022 and canned tuna in collagen (2000mg) in Nov. 2022 under SEAELECT brand in Thailand. In Europe and U.S., TU launched new, healthy products with higher margin under Hawesta, John West, and Chicken of the Sea brands.
- **Chilled:** New tuna slices in Smoked and Paprika flavors with 0% fat, to be launched under Qfresh “Lite” brand in 1Q23.
- **Supplements:** Collagen line extension under ZEAVITA brand with three new products (gluta, zinc, astaxanthin) in Aug 2022 and white kidney bean (for weight management) in Nov. 2022.
- **Medical foods:** Fish pro low sodium snack (seaweed flavor) is a high-protein, egg-white alternative, based on a clinical study for chronic kidney disease patients, launched through our JV with Interpharma in Oct 2022.
- **Alternative protein:** New, innovative plant-based “shrimp” wonton which was launched in Aug 2022, got rave reviews, appreciating texture and taste.

New businesses

Partnered with U.S. leading plant-based seafood brand, ISH

- ISH and TU/COSFF collaboration has been kicked-off since Aug 2022, teams put in place to expand plant-based seafood market presence in North America.

Sustainability

- Thai Union received a score of 86 points* on the S&P Global Corporate Sustainability Assessment (CSA),

the metric used in the Dow Jones Sustainability Index (DJSI). This year’s ranking showed the best industry performance in 2 sustainability pillars – environmental and social with Full scores (100/100) in 7 categories.

- Mr. Thiraphong Chansiri, CEO, was appointed Chairman of the Board of Directors of Seafood Business for Ocean Stewardship (SeaBOS), a joint initiative between 10 of world’s largest seafood companies to strengthen sustainable practices within the seafood industry.

2022 Financial target: We confirmed operating KPI guidance

Sales	10-12% YoY growth
GPM	~ 17.5 – 18.0%
SG&A to sales	~ 12.0 – 12.5%
Effective interest rate	No material changes from 2021
CAPEX	~ THB 5.0bn (from ~ THB 6.0bn)
Dividend Policy	At least 50% dividend payout ratio

Thai Union’s 2022 financial targets are based on current forecast which may subject to change if key operating factors that affect company’s performance vary from the assumptions.

Key risk factors

Headline inflation remained high with improving outlook in key material costs & lower freight price

Headline inflation remained high in Sep 2022 (US +8.2%, EU +10.0%, TH +6.4% YoY). As a result, TU saw overall COGS increase 14.4% YoY in 9M22 (includes seafood raw materials, utilities, packaging, and ingredients). Logistics recently improved significantly, resulting in a lower impact from freight price increase (THB 370mn in 3Q22 vs THB 468mn in 3Q21), and ocean transit time improved.

Our tools to cope with inflation are the following:

- Continue price negotiation to pass on cost and adjust promotion intensity
- Hedging (seafood raw materials, FX), inventory management and net working capital (NWC) control
- Cost efficiency management, change to less expensive specs., and productivity improvement

Due to Thailand’s daily minimum wage increased by 5% on average since Oct. 1, 2022, TU expects minimal impact (~0.2% of annual sales). We continue to focus on automation to increase production efficiency and reduce labor intensiveness at our plants.

For more key risk factors, refer to 2021 One Report.

*The ranking is not yet available and will be published in December 2022.

3Q22 Statement of Income

(Unit: THB mn)	Consolidated						3Q22	3Q22
	3Q22	% to sales	3Q21	% to sales	2Q22	% to sales	3Q21 Change	2Q22 Change
Sales	40,756	100%	35,539	100%	38,946	100%	14.7%	4.6%
Cost of sales	(33,357)	-81.8%	(29,148)	-82.0%	(32,361)	-83.1%	14.4%	3.1%
Gross profit	7,399	18.2%	6,391	18.0%	6,584	16.9%	15.8%	12.4%
SG&A expenses	(5,064)	-12.4%	(4,506)	-12.7%	(4,920)	-12.6%	12.4%	2.9%
FX gain (loss)	792	1.9%	347	1.0%	498	1.3%	128.1%	59.1%
Other income	157	0.4%	498	1.4%	(66)	-0.2%	-68.5%	-337.9%
Share of profits from investments in assoc. & JVs	(256)	-0.6%	(3)	0.0%	(283)	-0.7%	-9143.5%	9.5%
Loss from impairment of financial assets	(53)	-0.1%	(17)	0.0%	(22)	-0.1%	-216.2%	-137.9%
EBIT	2,974	7.3%	2,711	7.6%	1,791	4.6%	9.7%	66.1%
Finance cost	(517)	-1.3%	(444)	-1.3%	(465)	-1.2%	-16.4%	-11.2%
EBT	2,457	6.0%	2,266	6.4%	1,326	3.4%	8.4%	85.3%
Tax	136	0.3%	(251)	-0.7%	346	0.9%	154.2%	60.7%
Profit (Loss) from discontinued operation	-	0.0%	-	0.0%	-	0.0%	-	-
Net income	2,593	6.4%	2,015	5.7%	1,672	4.3%	28.7%	55.1%
Net income (loss) attributable to:								
Equity holders of the Company	2,530	6.2%	1,937	5.4%	1,624	4.2%	30.7%	55.8%
Non-controlling interests of the subs	63	0.2%	78	0.2%	48	0.1%	-20.1%	31.2%
Earnings per share								
Basic earnings per share	0.54		0.40		0.33		36.0%	63.3%
Exchange rate								
THB/USD	36.41		32.92		34.40		10.6%	5.9%

9M22 Statement of Income

(Unit: THB mn)	Consolidated					9M22
	9M22	% to sales	9M21	% to sales	9M21	Change
Sales	115,974	100%	102,547	100%		13.1%
Cost of sales	(95,636)	-82.5%	(83,843)	-81.8%		14.1%
Gross profit	20,338	17.5%	18,703	18.2%		8.7%
SG&A expenses	(14,672)	-12.7%	(12,423)	-12.1%		18.1%
FX gain (loss)	1,268	1.1%	807	0.8%		57.2%
Other income	666	0.6%	1,288	1.3%		-48.3%
Share of profits from investments in assoc. & JVs	(716)	-0.6%	(108)	-0.1%		-564.3%
Loss from impairment of financial assets	(101)	-0.1%	(21)	0.0%		-376.3%
EBIT	6,782	5.8%	8,246	8.0%		-17.7%
Finance cost	(1,427)	-1.2%	(1,275)	-1.2%		-11.9%
EBT	5,355	4.6%	6,971	6.8%		-23.2%
Tax	670	0.6%	(681)	-0.7%		198.4%

Profit (Loss) from discontinued operations	-	0.0%	-	0.0%	-
Net income	6,025	5.2%	6,290	6.1%	-4.2%
Net income (loss) attributable to:					
Equity holders of the Company	5,900	5.1%	6,083	5.9%	-3.0%
Non-controlling interests of the subs	125	0.1%	207	0.2%	-39.6%
Earnings per share					
Basic earnings per share	1.24		1.26		-1.8%
Exchange rate					
THB/USD	34.63		31.53		9.8%

Statement of Financial Position

(Unit: THB mn)	3Q22	% to total assets	2021	% to total assets	Change
Cash and cash equivalents*	2,290	1.3%	9,723	5.8%	-76.4%
Trade and other receivables - net	19,610	11.0%	16,308	9.8%	20.2%
Inventories - net	56,319	31.5%	46,636	28.0%	20.8%
Other current assets	3,671	2.1%	2,196	1.3%	67.2%
Total current assets	81,889	45.8%	74,863	44.9%	9.4%
Fixed assets	29,425	16.4%	28,443	17.1%	3.5%
Investments	30,313	16.9%	28,529	17.1%	6.3%
Goodwill and other intangible assets	29,654	16.6%	30,390	18.2%	-2.4%
Other non-current assets	7,638	4.3%	4,380	2.6%	74.4%
Total Assets	178,920	100%	166,604	100%	7.4%
Bank overdrafts and short-term loans	21,928	12.3%	9,673	5.8%	126.7%
Trade and other payables	23,236	13.0%	21,351	12.8%	8.8%
Current portion of long-term loans	2,535	1.4%	14,937	9.0%	-83.0%
Other current liabilities	6,188	3.5%	2,121	1.3%	191.8%
Total current liabilities	53,886	30.1%	48,081	28.9%	12.1%
Long-term loans	49,444	27.6%	46,431	27.9%	6.5%
Other non-current liabilities	11,948	6.7%	9,878	5.9%	20.9%
Total Liabilities	115,278	64.4%	104,391	62.7%	10.4%
Non-controlling interests of the subsidiaries	2,766	1.5%	2,894	1.7%	-4.4%
Total Shareholders' Equity	63,642	35.6%	62,213	37.3%	2.3%
Total liabilities and shareholders' equity	178,920	100%	166,604	100%	7.4%

*Including short-term investment

Cash Flow Statement

(Unit: THB mn)	Consolidated		
	3Q22	3Q21	Change
Profit before income tax	5,355	6,971	(1,615)
Adjustments for depreciation & amortization expenses	3,256	3,095	161
Other adjustments	1,674	516	1,158
Changes in operating assets and liabilities	(9,250)	(5,879)	(3,370)
Cash flows receipts from operating activities	1,037	4,702	(3,666)
Net cash receipts (payments) from operating activities	453	4,011	(3,558)
Net cash payments for investing activities	(2,539)	(6,300)	3,761
Net cash receipts (payments) for financing activities	(4,756)	183	(4,939)
Net increase (decrease) in cash and cash equivalent	(6,842)	(2,106)	(4,736)
Cash and cash equivalents - opening balance	8,828	6,019	2,809
Exchange gain (loss) on cash and cash equivalents	82	39	43
Cash and cash equivalents (net bank overdraft) - closing balance	2,069	3,952	(1,884)

CAPEX	2,790	3,427	(637)
Management Est. Free Cash Flows*	(2,070)	1,508	(3,578)

*Figures reported in September 2022

*Figures as reported in September 2022