

3Q23 showed a strong 18.4% GPM, the 2nd ever highest performance level and OPM at 6.4%, the highest in the last 9 quarters.

Revenue

Thai Union delivered 3Q23 quarterly sales at THB 33.9bn, decreasing by 16.8% YoY from an extraordinary high baseline last year, mainly from lower sales volume across all categories, falling freight revenue, and the average selling price decrease.

Gross profit and margin

3Q23 quarterly gross profit stands at THB 6.2bn, increasing by 8.4% QoQ while decreasing by 15.8% YoY, mainly coming from lower sale volume of all categories, falling freight revenues, negative category mix, and higher cost of raw materials, especially Tuna (+8.0% YoY). The decrease was partially offset by gross profit improvement from frozen and chilled seafood due to the rightsizing strategy in the US. Gross profit margin (GPM) was at 18.4% vs. 18.2% in 3Q22.

Operating profit

3Q23 operating profit was at THB 2.2bn, increasing by 21.5% QoQ while decreasing by 5.4% YoY, aligned with lower gross profit. SG&A are declining by 20.1% YoY, thanks to a significant freight cost improvement and impacts from the company's profit protection plan measures. SG&A/sales ratio decreased to 11.9% in 3Q23 vs. 12.4% in 3Q22. As a result, 3Q23 operating profit margin improved at 6.4% vs. 5.6% in 3Q22.

Net profit and margin

TU reported a 3Q23 net profit at THB 1.2bn, decreasing by 52.3% YoY, mainly impacted by unfavorable non-operating items such as a negative impact from FX losses of THB 268mn (vs. FX gains of THB 792mn in 3Q22), and i-Tail dilution impact of THB 324mn. This was partially offset by higher tax credit and lower share of loss from associates. However, net profit improved QoQ for the 2nd consecutive quarter, due to a strong improvement in gross and operating profit. Net profit margin (NPM) stands at 3.6%.

Cash flow and ND/E

Strong positive 3Q23 THB 1.4bn free cash flow (FCF), with substantial positive at 4.5bn in 9M23, thanks to strong EBITDA, partially offset with higher net working capital and CAPEX spending under control. TU's end-3Q23 net D/E ratio stands at 0.65x.

Stock Information

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

Share price (03/10/2023)	THB 13.70
Historical closing price:	
52-week high	THB 18.20
52-week low	THB 12.40
No. of shares:	4,655.13m
Par value:	THB 0.25
Market Cap.	THB 63.8bn
Avg. value trade/day (YTD)	THB 359.42mn

Major shareholders

(22/08/2023)

Chansiri Family	19.63%
Niruttinanon Family	6.93%
Thai NVDR Co., LTD.	6.91%
Mitsubishi UFJ Morgan Stanley	5.00%
Ms. Jarunee Chinwongworakul	4.78%
Social Security Office	2.59%

Business Overview

Thai Union Group PCL (TU) is one of the world's largest seafood players. TU owns leading brands in key markets and has a global sourcing, production and distributing network. TU's key products are Ambient seafood, Frozen and Chilled seafood and related business, PetCare, and 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	3Q23	3Q22	2Q23
Sales	33,915	40,756	34,057
Gross profit	6,233	7,399	5,748
EBITDA	2,880	4,160	2,577
Net profit	1,206	2,530	1,029
EPS (THB)	0.26	0.53	0.21
GPM (%)	18.4%	18.2%	16.9%
NPM (%)	3.6%	6.2%	3.0%
ND/E (x)	0.65	1.13	0.64
ROCE (%)	5.3%	8.3%	6.2%
ND/EBITDA (x)	5.00	5.26	4.40

Financial Statements Analysis:

Unit: THB mn	3Q23	3Q22	YoY	2Q23	QoQ
Sales	33,915	40,756	-16.8%	34,057	-0.4%
COGS	(27,682)	(33,357)	-17.0%	(28,310)	-2.2%
GP	6,233	7,399	-15.8%	5,748	8.4%
SG&A	(4,044)	(5,064)	-20.1%	(3,975)	1.8%
FX gain (loss)	(268)	792	-133.9%	(250)	7.2%
Other income	195	157	24.2%	147	32.9%
Share of profits from investments in assoc. & JVs	(234)	(256)	8.5%	(137)	-71.4%
EBIT	1,851	2,974	-37.8%	1,537	20.4%
Finance cost	(589)	(517)	-14.0%	(550)	-7.1%
EBT	1,261	2,457	-48.7%	987	27.9%
Tax	140	136	-3.0%	198	29.1%
Net income	1,206	2,530	-52.3%	1,029	17.2%
EPS	0.26	0.53	-50.7%	0.21	21.3%
FX: USD/THB	35.17	36.41	-3.4%	34.48	2.0%
GPM	18.4%	18.2%	16.9%	16.9%	16.9%
%SG&A/Sales	11.9%	12.4%	11.7%		
NPM	3.6%	6.2%	3.0%		

Sales

Thai Union recorded sales in 3Q23 at THB 33,915mn, declining by -16.8% YoY, respectively from Petcare (-39.2% YoY), Frozen and chilled seafood (-21.8% YoY), Ambient seafood (-6.7% YoY) and Value-added and others (-1.6% YoY).

- Ambient seafood business sales decreased by 6.7% YoY, from high baseline last year, volume drop 11.2% YoY temporally impacted by price elasticity and falling freight revenues, partially offset by higher selling prices.
- Frozen and chilled seafood business sales dropped by 21.8% YoY, from seafood market prices normalization and volume drop due to the rightsizing of our Frozen business in the U.S.
- PetCare business sales dropped by 39.2% YoY after last year's exceptional performance, with volume dropping by 35.3% YoY due to the destocking effect, negative product mix, and lower freight prices. Partially offset by higher selling prices. However, sales showed a recovery of +19.1% QoQ, thanks to customers resumed back to restocking, especially the U.S., and Europe, with Asia and Oceania growing.
- Value-added and others business sales dropped slightly by 1.6% YoY, mainly from volume dropped 8.0% mostly from packaging business linked to soft Ambient business sales. However, sales are showing an improvement of 19.4% from last quarter, thanks to higher average selling prices and demand recovery across all categories.

During 3Q23, the Thai Baht moved against key currencies as follows; USD/THB (-3.4% YoY), EUR/THB (+4.3% YoY), and GBP/THB (+4.0% YoY). The Thai Baht has been depreciating QoQ against all key currencies which supports the export industry.

Gross profit and gross profit margin (GPM)

3Q23 gross profit was THB 6,233mn, dropping by 15.8% YoY in absolute amount, but GPM slightly increased YoY to 18.4%, VS 18.2% in 3Q22 mainly from:

- Ambient seafood: gross profit was THB 3.2bn and GPM was at 20.4%, improving QoQ (19.9% in 2Q23) mainly from lower raw material prices despite lower sales volume.
- Frozen and chilled seafood: gross profit was THB 1.5bn and GPM improved impressively to 12.9%, from both branded and private labels, thanks to rightsizing strategies, favorable raw material price, product mix and improvement of inventory management, despite lower selling prices and lower volumes.
- PetCare: gross profit was THB 733mn and GPM was at 19.4%, declining from an exceptional last year, mainly from lower volumes, higher raw material costs, unfavorable product mix, and inventory provision.
- Value-added and others: gross profit was THB 781mn dropping by 12.2% YoY mainly from exceptional high baseline last year. GPM was back to solid level at 28.9% despite the increase of raw material price, thanks to the strategy focusing on higher margin and selling price products.

	GPM (%)		Gross profit (THBmn)		
	3Q23	3Q22	3Q23	3Q22	YoY
Overall	18.4%	18.2%	6,233	7,399	-15.8%
Ambient	20.4%	22.9%	3,226	3,882	-16.9%
Frozen & chilled	12.9%	6.4%	1,493	945	58.0%
PetCare	19.4%	27.1%	733	1,683	-56.4%
Value-added & others	28.9%	32.4%	781	889	-12.2%

Selling and administrative expenses

3Q23 SG&A expenses of THB 4,044mn, decreased 20.1% YoY, thanks to significant freight cost improvement of THB -567mn (vs. 3Q22: THB +370mn) and volume reduction. 3Q23 SG&A to sales ratio was at 11.9%, down from 12.4% in 3Q22.

FX Gain/Loss

Thai Union reported 3Q23 FX losses of THB 268mn (vs. FX gains of THB 792mn in 3Q22), mainly from financing activities of THB -285mn mostly from unrealized loss on interest rate swap which we hedge for intercompany loans, resulting from higher interest rate curve in the market (3mEURIBOR 3% to 3.35%).

Share of income from investment in associates

3Q23 share of loss was at THB 234mn (vs. THB 256mn share of loss in 3Q22). Most of the loss contribution came from:

Red Lobster's share of loss from operations marked at THB 395mn vs. THB 339mn loss in 3Q22, mainly from industry headwinds, including higher material and labor costs, high interest rates, and a cyclically lower quarter.

Red Lobster performance

	3Q22	4Q22	1Q23	2Q23	3Q23
Share of profit/loss from operations	-339	-344	121	-94	-395
Share of profit/loss from lease accounting adj.	-117	-112	-101	-95	-101
Other income	0	0	0	0	0
Interest expense	-113	-115	-138	-138	-138
Income tax	66	222	252	134	360
Net income	-502	-348	134	-193	-273

Higher losses from operations than expected in 3Q23 performance, reflecting in higher loss guidance from operations for the full year of THB 700mn (from THB 500mn).

The Avanti business contributed a better share of profit of 242mn in 3Q23 vs. 159mn in 3Q22, especially Avanti Feeds, thanks to the efficient operations of their supply chain from farm to export markets.

Other income

3Q23 other income was at THB 195mn vs. THB 157mn in 3Q22, mostly increased from interest income and tax coupon.

Finance cost

3Q23 finance costs were at THB 589mn vs. THB 517mn in 3Q22, mainly due to interest rate increase as our average cost of debt has been increasing from some float rate debt portion (~35% of total debt).

Income tax expense

3Q23 tax credit was at THB 140mn vs. tax credit of THB 136mn in 3Q22, mostly from higher share of losses from RL, but partially offset by US frozen recovery.

Net profit

3Q23 net profit was at THB 1,206mn, down 52.3% YoY, mainly impacted by lower operating profit and unfavorable items, (1) FX losses of THB 268mn (vs. FX gain of THB 792mn) and (2) i-Tail dilution impact of THB 324mn.

This was partially offset by a lower share of loss from associates.

Financial position analysis:

As of Sep 30, 2023, Thai Union's total assets were at THB 183,679mn, slightly increasing from end-2022 at THB 182,569mn, mostly by higher short-term investments.

Total liabilities increased 7.1% to THB 101,123mn from THB 94,438mn at end-2022, temporary higher portion of float-rate loans from short-term loan increase to repay THB bond due in 2Q23.

Total equity (including perpetual debentures of THB 6bn) was at THB 82,556mn, decreasing by 6.3% from end-2022 at THB 88,131mn, mostly from treasury share repurchase and dividend payment.

Cash Flow analysis:

In 9M23, net cash receipts for operating activities amount to THB 7,480mn. Free cash flow has improved massively and turned positive at THB 4,487mn compared to THB -2,070mn in 9M22, mainly from EBITDA, partially offset by net working capital increased and CAPEX spending.

Net cash payments for investing activities were at THB 6,798mn, increasing from THB 2,539mn in the same period of last year, mainly from payments for short-term investments and investments in debt instruments.

Thai Union recorded a net cash payment from financing activities of THB 4,661mn in 9M23, slightly decreasing from THB 4,756mn in the same period of last year, due to cash repayments in 1Q22 for long-term loans from financial institutions and debenture issuance which reached maturity in January 2022 and lower net cash receipts from short-term loans from financial institutions. This was partially offset by cash payments for the repurchase of treasury shares.

Net decrease in cash and cash equivalents was at THB 3,979mn in 9M23, resulting in outstanding cash and cash equivalents of THB 8,055mn as of the end of this quarter (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	3Q23	3Q22	2Q23
A/R Days	36	35	34
Inventory Days	170	144	155
Current ratio (x)	1.87	1.52	1.90
ROCE (%)	5.3%	8.3%	6.2%
ROE (%)	7.2%	14.8%	9.4%
ROA (%)	3.6%	5.4%	4.4%
ND/E (x)	0.65	1.13	0.64
ND/EBITDA (x)	5.00	5.26	4.40
Interest Coverage (x)	4.82	7.24	5.57
BV (Baht/share)	14.93	11.51	14.72

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

3Q23 profitability ratios dropped YoY compared to the same period last year with ROCE at 5.3% (vs. 8.3% in 3Q22); ROE at 7.2% (vs. 14.8% in 3Q22); and ROA at 3.6% (vs. 5.4% in 3Q22), primarily due to an increase in equity and total assets, and a decrease in current liabilities from lower trade and other payables and short-term debt.

Receivable days in 3Q23 were 36 days, a slight increase from 35 days in 3Q22. Inventory days in 3Q23 were up to 170 days, from 144 days in 3Q22, due to soft sales, higher average inventory, especially raw materials, ingredients, and packaging.

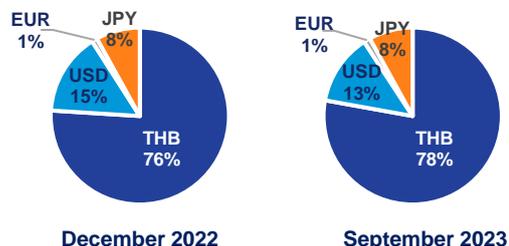
The current ratio at end-3Q23 was at 1.87x, decreasing from 2.38x at end-2022, because of current liabilities increasing (+21.7% from end-2022) while current assets decreased (-4.5% from end-2022).

Interest-bearing debt increased by THB 5.4bn from end-2022 (+9.0% from end-2022), due to an increase in short-term debt and the current portion of long-term loans. As a result, 3Q23 net debt-to-equity was at 0.65x, a slight increase from 0.54x at end-2022.

The net-debt to EBITDA ratio increased to 5.00x as end-3Q23, from 3.67x as of end-2022, largely from higher short-term debt.

The interest coverage ratio during 3Q23 was at 4.82x vs. 7.24x in 3Q22, largely from lower EBITDA (-30.8% YoY) and higher finance costs (+14.0% YoY).

Interest-bearing debt profile by currency:



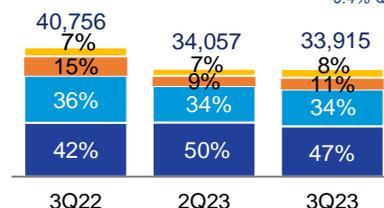
As of end-3Q23, interest-bearing debt amounted to THB 65,778mn, mainly denominated in the local currency. THB debt accounted for 78%, USD at 13%, JPY at 8%, and EUR at 1%. The amount of interest-bearing debt increased from end-2022 mainly due to short-term loan increase to repay THB bond due in 2Q23.

Overview by business category:

Total sales value

Unit: THB mn

-16.8% YoY
-0.4% QoQ



- Ambient seafood
- Frozen, chilled seafood & related
- PetCare
- Value-added and Others

Ambient seafood¹:

Sign of margin recovery QoQ, thanks to falling raw material prices.

	3Q22	4Q22	1Q23	2Q23	3Q23	9M23
Value	16,985	17,086	15,225	17,136	15,851	48,211
Brand	57.4%	51.2%	55.6%	59.2%	60.4%	58.4%
PL	42.6%	48.8%	44.4%	40.8%	39.6%	41.6%
Volume	84,948	87,827	76,988	79,465	75,414	231,867

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

Remark: PL stands for Private Label business

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

3Q23 ambient seafood sales at THB 15,851mn, decreased by 6.7% YoY from high baseline last year, volume dropped 11.2% YoY temporarily impacted by price elasticity, and falling freight revenues, partially offset by higher selling prices.

3Q23 GPM was at 20.4%, slightly improved QoQ while dropped YoY, due to lower sale volume and higher tuna prices (+8.0% YoY). However, tuna prices started to soften in 3Q23, resulting in customers resuming orders mostly for the OEM business.

9M23 sales dropped slightly by 2.5% YoY across all segments due to soft demand and high fish prices since the beginning of the year, partially offset by higher selling prices. GPM was at 19.5%, mainly impacted by high fish prices and lower sale volumes.

Frozen, chilled seafood and related²: Huge improvement in gross profit margin to 12.9%, thanks to product mix and portfolio rationalization.

	3Q22	4Q22	1Q23	2Q23	3Q23	9M23
Value	14,820	14,453	11,684	11,493	11,593	34,771
Brand	35.5%	38.8%	38.9%	33.3%	32.9%	35.1%
PL	64.5%	61.2%	61.1%	66.7%	67.1%	64.9%
Volume	73,704	65,352	60,768	64,034	63,231	188,033

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

² Frozen, chilled seafood and related businesses 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.

3Q23 frozen and chilled seafood sales were THB 11,593mn, dropping by 21.8% YoY, from certain market prices softening (shrimp, lobster, crab) and lower volume due to the rightsizing of our Frozen business in the U.S.

3Q23 GPM was at 12.9%, an impressive improvement from both branded and private labels, thanks to the rightsizing strategy, favorable raw material prices, product mix, and inventory management improvement, despite lower selling prices and lower volumes.

9M23 frozen and chilled seafood sales dropped by 18.2% YoY. Frozen & chilled performance remains challenging from inflationary macroeconomics in the U.S. and rightsizing strategy (exit the North Atlantic lobster category, as well as de-risk shrimp and crab categories). GPM improved to double-digit at 10.1%, thanks to improving aged inventory management and favorable raw material prices.

PetCare³: Signs of recovery QoQ from customers restocking and inventory levels normalizing

	3Q22	4Q22	1Q23	2Q23	3Q23	9M23
Value	6,210	5,568	3,495	3,169	3,773	10,436
Brand	0.6%	0.2%	0.1%	0.1%	0.1%	0.1%
PL	99.4%	99.8%	99.9%	99.9%	99.9%	99.9%
Volume	38,405	37,485	23,562	21,574	24,830	69,966

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

³ PetCare business includes PetCare (wet-based cat and dog foods, cat and dog treats).

3Q23 PetCare sales stood at THB 3,773mn, dropping by 39.2% YoY after last year's exceptional performance, volume dropped 35.3% YoY due to destocking effect, negative product mix, and lower freight prices. However, sales showed a recovery of 19.1% QoQ, thanks to customers resumed back to

restocking, especially the U.S., and Europe with Asia and Oceania growing YoY, which was supported by our price adjustment strategy.

3Q23 GPM was at 19.4%, declining from exceptional performance last year, mainly from lower volumes, higher raw material costs, product mix, and inventory provision.

9M23 PetCare dropped by 35.3% YoY from high baseline last year and destocking issue since the beginning of the year. However, we have seen signs of improvement in 3Q23, especially in the U.S. and Europe, while Asia and Oceania good momentum continued. GPM was at 19.2% dropped from same reasons above.

Value-added and others⁴: Sales recovered QoQ across all categories with solid GPM.

	3Q22	4Q22	1Q23	2Q23	3Q23	9M23
Value	2,741	2,505	2,248	2,260	2,698	7,205
Brand	13.7%	11.6%	12.7%	18.5%	19.3%	17.0%
PL	86.3%	88.4%	87.3%	81.5%	80.7%	83.0%
Volume	52,184	53,313	48,032	45,837	48,007	141,876

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

⁴ Value-added & other businesses include value-added businesses, ready-to-eat products (surimi-based fish snacks, dim sum, bakery products, packaged cooking sauce, scrap from fish and shrimp processing lines), packaging, printing service for can labels, ingredients (crude and refined tuna oil and algae oil), supplements, and alternative protein.

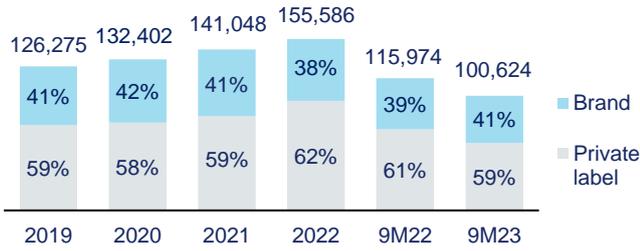
3Q23 value-added and other businesses sales stood at THB 2,698mn, slightly dropped by 1.6% YoY mainly from volume dropped 8.0% mostly from packaging business. However, sales are showing an improvement of 19.4% from last quarter, thanks to higher average selling prices and demand recovery across all categories.

3Q23 GPM dropped to 28.9% from exceptional last year, however, GPM is back to a healthy range at 28.9%, thanks to our strategy to focus on higher margin products and higher selling prices. Partially offset by higher raw material prices.

9M23 value-added sales dropped by 9.0% YoY decreased from a high baseline last year and soft performance of value-added and packaging products. Partially offset by ingredient business growth. GPM remained healthy at 27.4%.

Sales breakdown by brand vs. private label:

Unit: THB mn



9M23 branded and private-label business sales mix was at 41% and 59% respectively.

Total brand sales decreased by 7.5% YoY, mainly from frozen & chilled and PetCare business, partially offset by ambient and value-added businesses sales growth, while total private label sales decreased by 16.9% YoY across all categories.

Business overview by region:

THB mn	2019	2020	2021	2022	9M23
Total sales	126,275	132,402	141,048	155,586	100,624
US&Canada	40.9%	43.4%	44.5%	44.0%	40.3%
Europe	27.9%	29.0%	28.3%	26.3%	29.4%
Japan	5.8%	5.3%	5.1%	5.8%	6.2%
Thailand	11.5%	10.0%	10.3%	10.5%	11.8%
Others	13.9%	12.3%	11.8%	13.4%	12.3%

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

9M23 sales dropped across all regions, especially the U.S. and Emerging markets & rest of the world detailed below;

Sales in North America (the U.S. and Canada) dropped by 21.0% YoY, mainly due to rightsizing of our U.S. business and slow demand from destocking issue.

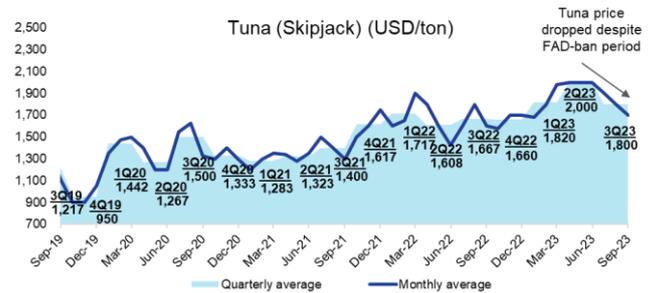
Sales in Europe decreased slightly by 2.2% YoY, mainly from lower volume temporally impacted by further price increases and soft demand across all categories.

Sales in Thailand slightly decreased 1.8% YoY, while sales in Emerging markets & rest of the world were down by 20.2% YoY from high base last year, soft demand from destocking issue, and USD currency shortage in ME, Japan also dropped by 8.0% YoY.

Key operating factors:

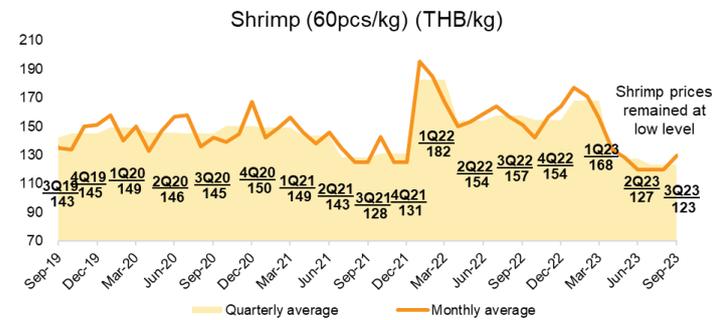
Raw material prices

Skipjack tuna (USD/ton)



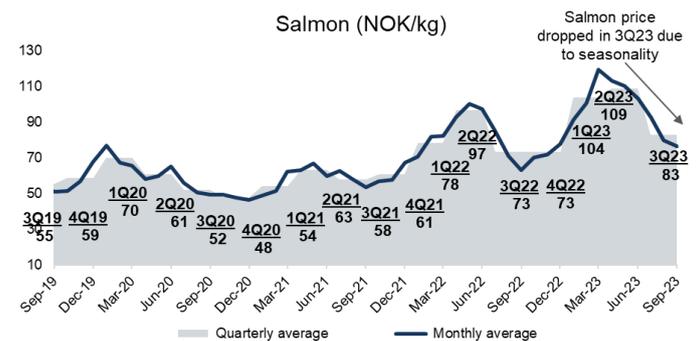
In Sep 2023, tuna price was USD 1,700/ton. In 3Q23, avg. price was at USD 1,800/ton (+8.0% YoY, -10.0% QoQ).

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



In Sep 2023, shrimp price was THB 130/kg. In 3Q23, avg. price was THB 123/kg (-21.6% YoY, -3.1% QoQ).

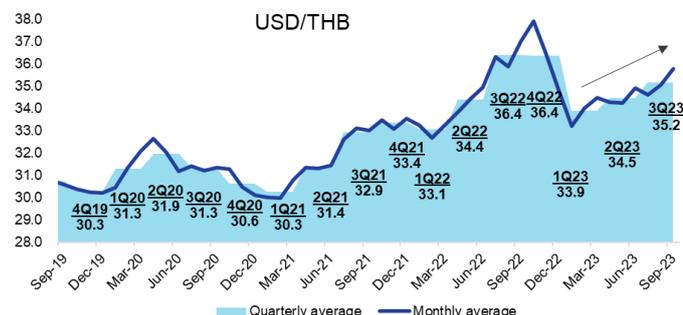
Salmon (NOK/kg)



In Sep 2023, salmon price was NOK 76/kg. In 3Q23, avg. price was NOK 83/kg (+13.3% YoY, -23.9% QoQ).

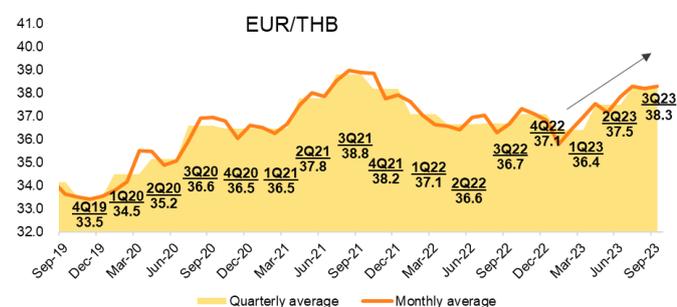
Exchange rates

USD/THB



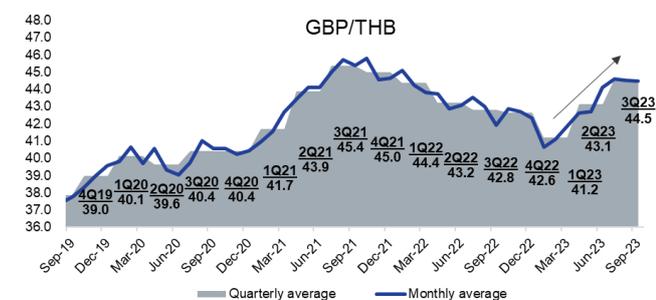
In Sep 2023, USD/THB was THB 35.83. In 3Q23, avg. was THB 35.16 (-3.4% YoY, +2.0% QoQ).

EUR/THB



In Sep 2023, EUR/THB was THB 38.28. In 3Q23, avg. was THB 38.26 (+4.3% YoY, +2.0% QoQ).

GBP/THB



In Sep 2023, GBP/THB closed at THB 44.46. In 3Q23, avg. was THB 44.54 (+4.0% YoY, +3.2% QoQ).

Key Developments

Strategic Corporate Actions in 3Q23

Thai Union decreased the Company's paid-up capital

- TU Group decreased the Company's paid-up capital in the amount of 116,682,800 shares or 2.45% at par value 0.25 baht, which equivalent to 29,170,000 baht. The transaction will result in an increase in EPS.

Ongoing CAPEX projects

- Culinary plant** for ready-to-eat products, a brand-new plant with +38% capacity and more automation. The project was already officially launched for the non-halal side in 3Q23 and halal side is expected to start commercialization in the beginning of 2024 (~THB 1.2bn).
- Protein hydrolysate and collagen peptide plant** construction is ongoing, with first commercial run on collagen line in 3Q23 and protein hydrolysate line is expected to commercialization in the beginning of 2024 (~THB 1.1bn).
- Wet pet food and treat plant** for PetCare business with +18.7% capacity and new automated packing line. Expected to 100% full commercialization in 2Q 2024 (~THB2.1bn).
- Ambient tuna cold storage in Ghana** to save cost on external renting cost and reduces the dependency from supplies, as well as energy savings. Expected to be completed in December 2023 (~THB 0.6bn).

New innovative product launched

Chicken of the Sea co-branded with McCormick, No.1 Seasoning Manufacturer

- Chicken of the Sea partners with McCormick launched new recyclable packets with grab-and go protein and overflowing with 6 flavors.
- The product consists of wild caught tuna and salmon packets, which are the perfect sidekicks for whipping up a quick.

Sustainability

As a part of SeaChange® 2030 commitment

- Thai Union has been ranked No.1 on the Seafood Stewardship Index (SSI) for 3rd consecutive time in recognition of its leadership in driving positive change and delivering towards the United Nations Sustainable Development Goals (UN SDGs).
- Thai Union achieved Zero Discharge of wastewater to outside of fish plant in Samut Sakhon and 100% wastewater treatment as a part of SeaChange® 2030 commitment. This project was able to reduce production cost of THB 27.8mn.
- Thai Union joined Sustainability Expo 2023 (SX2023), the largest sustainability exposition in ASEAN and our management was invited for the panel discussion to share knowledge, regarding sustainable food development.

For more information, refer to Thai Union's [sustainability strategy website](#).

2023 Financial target: Adjusted guidance

Sales	-10 / -12% YoY decline <i>(from -5 / -6% YoY)</i>
GPM	~ 16.5 – 17.5%
SG&A to sales	~ 11.0 - 12.0%
Effective interest rate	Increase 0.5 - 1.0%
CAPEX	~ THB 5.0 – 5.5bn <i>(from 5.5 – 6.0 bn)</i>
Dividend Policy	At least 50% dividend payout ratio

Thai Union's 2023 financial targets are based on current forecast which may subject to change if key operating factors that affect company's performance variate from the assumptions.

Key risk factors

Weak global consumer spending, caused by economic weakness and higher energy price

Inflation bounced in the U.S. driven by energy price, while Europe inflation likely softening, signaling recession in September 2023 (US +3.7%, EU +4.3%, TH +0.3% YoY).

Expected positive impact in EU since the purchasing power partially regains. Also, demand of ambient tends to increase in recession since it's considered affordable goods. However, for the U.S., inflation increase will negatively effect to us from lower demand, especially in the restaurant.

Our solutions to strengthen Group margin expansion are the following:

- Reinforce profit protection plan measures to improve profitability.
- Pursue our conservative policy and always hedge to reduce volatility on FX.
- Continue monitoring macro-environment, ongoing global supply chain challenges, and uncertain global consumer spending in our key markets.

3Q23 Statement of Income

(Unit: THB mn)	Consolidated							
	3Q23	% to sales	3Q22	% to sales	2Q23	% to sales	3Q23 3Q22	3Q23 2Q23
							Change	Change
Sales	33,915	100%	40,756	100%	34,057	100%	-16.8%	-0.4%
Cost of sales	(27,682)	-81.6%	(33,357)	-81.8%	(28,310)	-83.1%	-17.0%	-2.2%
Gross profit	6,233	18.4%	7,399	18.2%	5,748	16.9%	-15.8%	8.4%
SG&A expenses	(4,044)	-11.9%	(5,064)	-12.4%	(3,975)	-11.7%	-20.1%	1.8%
FX gain (loss)	(268)	-0.8%	792	1.9%	(250)	-0.7%	-133.9%	7.2%
Other income	195	0.6%	157	0.4%	147	0.4%	24.2%	32.9%
of profits from investments in assoc. & JVs	(234)	-0.7%	(256)	-0.6%	(137)	-0.4%	8.5%	-71.4%
EBIT	1,851	5.5%	2,974	7.3%	1,537	4.5%	-37.8%	20.4%
Finance cost	(589)	-1.7%	(517)	-1.3%	(550)	-1.6%	-14.0%	-7.1%
EBT	1,261	3.7%	2,457	6.0%	987	2.9%	-48.7%	27.9%
Tax	140	0.4%	136	0.3%	198	0.6%	-3.0%	29.1%
Net income	1,402	4.1%	2,593	6.4%	1,184	3.5%	-45.9%	18.4%
Net income (loss) attributable to: Equity holders of the Company	1,206	3.6%	2,530	6.2%	1,029	3.0%	-52.3%	17.2%
Non-controlling interests of the subs	196	0.6%	63	0.2%	156	0.5%	213.0%	25.8%
Earnings per share								
Basic earnings per share	0.26		0.53		0.21		-50.7%	21.3%
Exchange rate								
THB/USD	35.17		36.41		34.48		-3.4%	2.0%

Statement of Financial Position

(Unit: THB mn)	3Q23	% to total assets	2022	% to total assets	Change
Cash and cash equivalents*	11,797	6.4%	13,029	7.1%	-9.5%
Trade and other receivables - net	16,192	8.8%	17,525	9.6%	-7.6%
Inventories - net	53,632	29.2%	52,622	28.8%	1.9%
Other current assets	2,074	1.1%	4,449	2.4%	-53.4%
Total current assets	83,695	45.6%	87,625	48.0%	-4.5%
Fixed assets	31,557	17.2%	30,102	16.5%	4.8%
Investments	30,306	16.5%	28,342	15.5%	6.9%
Goodwill and other intangible assets	30,412	16.6%	29,263	16.0%	3.9%
Other non-current assets	7,710	4.2%	7,238	4.0%	6.5%
Total Assets	183,679	100%	182,569	100%	0.6%
Bank overdrafts and short-term loans	16,835	9.2%	9,711	5.3%	73.4%
Trade and other payables	19,211	10.5%	22,018	12.1%	-12.7%
Current portion of long-term loans	4,114	2.2%	2,521	1.4%	63.2%
Other current liabilities	4,667	2.5%	2,574	1.4%	81.3%
Total current liabilities	44,828	24.4%	36,824	20.2%	21.7%
Long-term loans	44,828	24.4%	48,125	26.4%	-6.8%
Other non-current liabilities	11,467	6.2%	9,489	5.2%	20.8%
Total Liabilities	101,123	55.1%	94,438	51.7%	7.1%
Non-controlling interests of the subsidiaries	7,090	3.9%	7,489	4.1%	-5.3%
Total Shareholders' Equity	82,556	44.9%	88,131	48.3%	-6.3%
Total liabilities and shareholders' equity	183,679	100%	182,569	100%	0.6%

*Including short-term investment

Cash Flow Statement

(Unit: THB mn)	Consolidated		
	9M23	9M22	Change
Profit before income tax	3,165	5,355	(2,190)
Adjustments for depreciation & amortisation expenses	3,119	3,256	(137)
Other adjustments	3,127	1,674	1,453
Changes in operating assets and liabilities	(1,340)	(9,250)	7,910
Cash flows receipts from operating activities	8,072	1,037	7,035
Net cash receipts (payments) from operating activities	7,480	453	7,027
Net cash payments for investing activities	(6,798)	(2,539)	(4,259)
Net cash receipts (payments) for financing activities	(4,661)	(4,756)	95
Net increase (decrease) in cash and cash equivalent	(3,979)	(6,842)	2,863
Cash and cash equivalents - opening balance	12,022	8,828	3,194
Exchange gain (loss) on cash and cash equivalents	12	82	(71)
Cash and cash equivalents (net bank overdraft) - closing balance	8,055	2,069	5,986
CAPEX	3,612	3,106	506
Management Est. Free Cash Flows*	4,487	(2,070)	6,557

*Figures reported in September 2023