

3Q21: Healthy net profit of THB 1,937mn

Core business remains strong with top line growth and consistently high margin, which helped mitigate the impacts from short-term supply chain disruption and COVID-19 outbreak

Revenue

3Q21 sales growth was 2.2% YoY to THB 35,539mn. This was mainly driven by a significant rebound of frozen and chilled seafood sales (+11.0% YoY) and continued strong growth in the PetCare and value-added business (+11.4% YoY). The ambient seafood business saw a normalized 8.0% YoY sales drop in 3Q21. The movement of THB against key currencies also benefited 3Q21 sales. Compared to 3Q19 pre-COVID level, all three core businesses grew firmly in 3Q21 at 11.6% growth.

Gross profit

3Q21 gross profit marked at THB 6,391mn, up 1.0% YoY. We continued to deliver a high gross margin at 18.0% in 3Q21 vs. 18.2% in 3Q20. The margin for frozen and chilled seafood surged, the margin for ambient seafood was resilient, while the margin for PetCare and value-added business was lowered from the temporary factory closure during COVID-19 outbreak.

Operating profit

3Q21 operating profit was resilient at THB 1,885mn, down 5.7% YoY. SG&A-to-sales ratio increased to 12.7% in 3Q21 vs. 12.4% in 3Q20, mainly due to higher logistics cost. Despite that, SG&A expenses were up only 4.1% YoY, thanks to our effective cost management.

Net profit

3Q21 net profit remained at a healthy level of THB 1,937mn, down 5.8% YoY, thanks to strong core operations with top line growth, consistently high margin, and higher FX gains, which helped mitigate the impacts from supply chain disruption, lower workforce capacity during COVID-19 outbreak, and a share of loss from investment in associates.

Adjusted net profit marked at THB 1,874mn, down 16.9% YoY. The one-off item was a THB 63mn insurance claim.

Cash flow and ND/E

3Q21 free cash flow (FCF) remained positive after the temporary impact from net working capital, resulted from high inventory of finished goods and goods in transit on delayed shipments and container shortages. However, thanks to a strong operating profit, TU's end-3Q21 net D/E ratio was at 1.08x.

Stock Information

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

Share price (5/11/2021)	THB 20.60
Historical closing price:	
52-week high	THB 23.00
52-week low	THB 13.30
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 98.3bn
Avg. value trade/day (YTD)	THB 575.4mn

Major shareholders (24/8/2021)

Chansiri Family	19.34%
Thai NVDR Co., LTD.	15.36%
Mitsubishi Corporation	7.29%
Niruttinanon Family	6.86%
Social Security Office	4.54%

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	3Q21	3Q20	2Q21
Sales	35,539	34,784	35,883
Gross profit	6,391	6,327	6,805
EBITDA	3,780	3,883	4,135
Net profit	1,937	2,056	2,343
EPS (THB)	0.40	0.42	0.49
GPM (%)	18.0%	18.2%	19.0%
NPM (%)	5.4%	5.9%	6.5%
ND/E (x)	1.08	0.97	0.98
ROCE (%)	10.3%	9.2%	10.7%
ND/EBITDA (x)	4.39	4.17	3.91

Financial Statements Analysis:

Unit: THB mn	3Q21	3Q20	YoY	2Q21	QoQ
Sales	35,539	34,784	2.2%	35,883	-1.0%
COGS	(29,148)	(28,457)	2.4%	(29,078)	0.2%
GP	6,391	6,327	1.0%	6,805	-6.1%
SG&A	(4,506)	(4,329)	4.1%	(4,281)	5.3%
FX gain (loss)	330	98	236.5%	212	55.9%
Other income	498	533	-6.5%	439	13.5%
Share of profits from investments in assoc. & JVs	(3)	258	n.a.	(74)	-96.2%
EBIT	2,711	2,887	-6.1%	3,101	-12.6%
Finance cost	(444)	(437)	1.7%	(434)	2.4%
EBT	2,266	2,450	-7.5%	2,667	-15.0%
Tax	(251)	(308)	-18.5%	(231)	8.6%
Net income	1,937	2,056	-5.8%	2,343	-17.3%
EPS	0.40	0.42	-3.7%	0.49	-18.0%
FX: USD/THB	32.92	31.33	5.1%	31.36	5.0%
GPM	18.0%	18.2%		19.0%	
%SG&A/Sales	12.7%	12.4%		11.9%	
NPM	5.4%	5.9%		6.5%	

Sales

3Q21 sales were at THB 35,539mn, up 2.2% YoY, driven by the frozen and chilled seafood business (+11.0% YoY) as well as the PetCare and value-added business (+11.4% YoY).

- The frozen and chilled seafood business recovered significantly from the food service business after last's year impact from the global pandemic and lockdowns.
- The PetCare and value-added business continued to deliver strong sales growth from new and existing products and a broadening portfolio of new customers, despite some short-term operational disruptions amidst COVID-19 outbreak.
- The ambient seafood business normalized, with a sales drop of 8.0% YoY, after last year's exceptional push during the first wave of the pandemic and pantry-loading.
- Compared to 3Q19 pre-COVID level, all three core businesses grew firmly in 3Q21 at 11.6% growth.

During 3Q21, the Thai Baht moved against key currencies as follows; USD/THB (+5.1% YoY), EUR/THB (+6.0% YoY) and GBP/THB (+12.2% YoY), which supported sales growth. Excluding FX impact, Thai Union's sales in 3Q21 declined 1.2% YoY.

3Q21 sales volumes decreased 5.7% YoY, as a result of lower selling volumes in the PetCare and value-added and the ambient seafood businesses, despite higher selling volumes in the frozen and chilled seafood business.

Gross profit

3Q21 gross profit was at THB 6,391mn, up 1.0% YoY, thanks to strong core businesses, particularly frozen and chilled seafood. The frozen and chilled seafood business'

gross profit soared 30.2% YoY, from a recovery of food service operations. The PetCare and value-added business gross profit rose 0.6% YoY, as impacted from production hiccup from temporary factory closures during the COVID-19 outbreak. The ambient seafood business' gross profit declined 11.3% YoY, due to a volume drop and normalization effect after an exceptional push in 3Q20 from pantry-loading during the pandemic. Nevertheless, we delivered a consistently high gross profit margin at 18.0% in 3Q21, stable from 18.2% in 3Q20.

Selling and administrative expenses

SG&A expenses increased 4.1% YoY, or THB 177mn, mainly due to rising logistics costs estimated at THB 468mn in 3Q21.

Thanks to effective cost management, the marketing and administrative expenses were lowered to mitigate the higher logistics cost impact.

3Q21 SG&A to sales ratio was at 12.7% vs.12.4% in 3Q20.

FX Gain/Loss

Thanks to prudent FX exposure management, Thai Union reported 3Q21 FX gains of THB 330mn, compared to THB 98mn FX gains in 3Q20.

Share of income from investment in associates

3Q21 share of loss was at THB 3mn (vs THB 98mn share of profit during 3Q20). The loss contribution came from;

The Avanti business, which contributed a lower share of profit YoY, due to its weakening frozen business from the outbreak impact to workforce capacity in India and the recall of its frozen products exported to the U.S.

Red Lobster's operations in 3Q21 contributed THB 63mn share of loss (vs. THB 54mn loss contribution in 3Q20). Red Lobster continues to progress in its strategic initiatives, including driving profitable guest count growth as the top priority.

Other income

3Q21 other income was at THB 498mn, lowered from THB 533mn in 3Q20. The non-recurring insurance claim in 3Q21 was less than that of 3Q20. Apart from that, Thai Union continued to record a consistent interest income from its investment in Red Lobster's preferred units.

Finance cost

3Q21 finance cost was relative stable at THB 444mn vs. THB 437mn in 3Q20.

Income tax expense

3Q21 income tax expense was at THB 251mn, compared to a tax expense of THB 308mn in 3Q20. The decrease was in line with the lower operating profit of the company, and from higher tax credits from Red Lobster.

Net profit

3Q21 net profit on reported basis was healthy at THB 1,937mn, down 5.8% YoY. 3Q21 net profit margin was at 5.4%, down from 5.9% in 3Q20. The short-term disruptions from lower workforce capacity at Thailand-based factories during the prolonged pandemic, higher logistic costs, and Red Lobster's lease accounting impact offset the strong core operations benefits in 3Q21.

Adjusted net profit

Excluding one-off items, adjusted net profit was THB 1,874mn in 3Q21, down 16.9% YoY. 3Q21 one-off item was as follows:

Amount (THB mn)	One-off item
+63	An insurance claimed, related to a fire incident at a factory, booked at other income

Financial position analysis:

As of September 30, 2021, Thai Union's total assets were at THB 161,687mn, increased by 11.8% from end-2020 at THB 144,575mn, mainly due to higher inventory value, investment in subsidiaries and joint ventures.

Total liabilities increased to THB 103,174mn (up 16.1% from THB 88,838mn at end-2020), mainly as a result of a pre-financing plan for long-term loans.

Current liabilities increased by 18.8% from end-2020, due to a larger amount of loans reaching maturity. The non-current liabilities rose by 13.5% from end-2020, given sustainability-linked term bonds issued in July 2021.

Total equity (including perpetual debentures of THB 6bn) increased by 5.0% (+THB 2,776mn) from end-2020 to THB 58,513mn, thanks to strong net profit during the quarter.

Cash Flow analysis:

During 9M21, net cash receipts from operating activities were at THB 4,011mn. Positive cash flow was mostly driven by profitable operations (EBITDA: THB 11,341mn in 9M21).

Net cash payments for investing activities were at THB 6,300mn, increased from THB 2,858mn at the same period of last year, mainly due to the cash payment for the new investment in an associate company,

R&B Food Supply PCL (RBF), amount of THB 3bn on September 20, 2021.

Thai Union recorded net cash receipts from financing activities of THB 183mn during 9M21, which was largely due to cash receipts from long-term loans from financial institutions and debenture issuance.

Net decrease in cash and cash equivalents, including exchange losses, was at THB 1,922mn, resulting to outstanding cash and cash equivalents of THB 4,365mn as of the end of this quarter (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	3Q21	3Q20	2Q21
A/R Days	35	33	34
Inventory Days	135	123	126
Current ratio (x)	1.31	1.40	1.29
ROCE (%)	10.3%	9.2%	10.7%
ROE (%)	15.8%	13.5%	16.2%
ROA (%)	6.7%	6.1%	7.2%
ND/E (x)	1.08	0.97	0.98
ND/EBITDA (x)	4.39	4.17	3.91
Interest Coverage (x)	8.51	8.89	9.53
BV (Baht/share)	10.68	9.37	10.60

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 = EBIT / interest expense

BV = Total shareholders' equity / outstanding shares

3Q21 profitability ratios significantly increased compared to a year ago with ROCE at 10.3% (vs. 9.2% in 3Q20); ROE at 15.8% (vs. 13.5% in 3Q20); and ROA at 6.7% (vs. 6.1% in 3Q20), despite declining EBIT and net profit in 3Q21, compared to the same period last year.

Receivable days in 3Q21 were at 35 days, which slightly increased from 3Q20.

Inventory days during 3Q21 were up to 135 days, from 123 days in 3Q20, due to higher inventory value (+20.3% YoY) and higher goods in transit during the quarter.

The Current ratio at end-3Q21 was at 1.31 times, declined from 1.37 times at end-2020, as a result of a larger amount of debt reaching maturity.

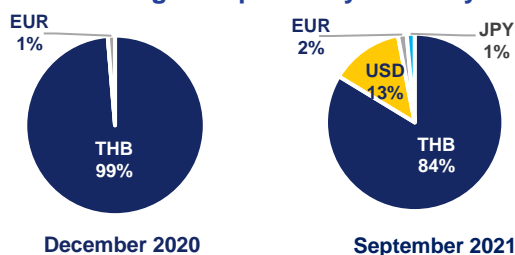
Interest-bearing debt increased by THB 9,281mn from end-2020 (up 15.9%), due to a pre-financing plan for long-term loans. As a result, 3Q21 net debt-to-equity was at 1.08 times, up from end-2020 level of 0.94 times.

Despite an increase in EBITDA to THB 3,780mn at end-3Q21, from THB 3,092mn at 4Q20, or +22.2%, the net-debt to EBITDA ratio increased to 4.39 times at end-3Q21, from 4.02 times end-2020, due to increasing net debt from:

- Investments in RBF, Rügen Fisch minority shares buyout, and Clover Corporation
- A change in net working capital
- Dividend payments
- Capital expenditure

The interest coverage ratio during 3Q21 was at 8.51 times vs. 8.89 times in 3Q20, largely due to lower EBITDA (-2.7% YoY) and higher finance cost (+1.7% YoY).

Interest-bearing debt profile by currency:

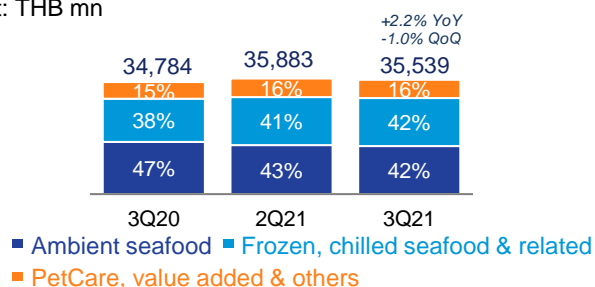


As of end-3Q21, interest-bearing debt was at THB 67,696mn, mainly denominated in the local currency. THB debt accounted for 84%, USD at 13%, EUR at 2% and JPY at 1%. We successfully launched THB 12bn sustainability-linked loans (SLL) in THB, USD, and JPY in Feb 2021, and a THB 5bn sustainability-linked bond (SLB) in THB in July 2021.

Business overview by business unit:

Total sales value

Unit: THB mn



Ambient seafood¹:

Normalized top line with continued healthy margin

	3Q20	4Q20	1Q21	2Q21	3Q21
Value	16,259	14,440	13,580	15,272	14,954
Brand	57.8%	53.1%	59.3%	61.6%	61.5%
PL	42.2%	46.9%	40.7%	38.4%	38.5%
Volume	98,176	93,652	86,197	88,959	85,865

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

Remark: PL stands for Private Label business

3Q21 ambient seafood sales declined 8.0% YoY, due to lower tuna sales in the U.S, Europe, and Asia, reflecting an exceptional sales push from pantry-loading in 3Q20 amid COVID-19 and the effect from ongoing container shortage.

The ambient seafood business continued to deliver high and stable gross profit margin at 20.7% in 3Q21 vs. 21.5% in 3Q20, thanks to lower raw material price, and improving sardine & mackerel and salmon businesses.

Ambient seafood business expanded on sales and lifted its margin, compared to 3Q19 pre-COVID level.

Frozen, chilled seafood and related²:
Recovering topline and GPM

	3Q20	4Q20	1Q21	2Q21	3Q21
Value	13,370	13,738	12,076	14,869	14,843
Brand	37.2%	38.1%	38.4%	35.2%	40.2%
PL	62.8%	61.9%	61.6%	64.8%	59.8%
Volume	71,224	69,236	63,081	78,791	77,100

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

3Q21 frozen and chilled seafood sales recovered strongly at 11.0% YoY, mainly supported by sales volume growth.

Business recovery in shrimp and lobster was the key growth driver, thanks to significantly improving food service and retail businesses in Asia and the U.S.

Gross profit margin recovered significantly to 13.1% in 3Q21 vs. 11.1% in 3Q20.

Frozen and chilled seafood sales and margin expanded firmly, compared to 3Q19 pre-COVID level, supported by margin enhancement for shrimp and, particularly, lobster.

PetCare, value-added and others³:

Continued top line growth, margin faced a hiccup

	3Q20	4Q20	1Q21	2Q21	3Q21
Value	5,155	5,287	5,469	5,741	5,742
Brand	6.4%	5.1%	4.8%	7.1%	6.6%
PL	93.6%	94.9%	95.2%	92.9%	93.4%
Volume	75,019	75,409	72,957	74,603	67,542

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

3Q21 PetCare and value-added sales increased 11.4% YoY, thanks to PetCare's strong demand, new products launched, broadening portfolio with new

customers, higher sales of value-added products, and greater performance of the packaging business.

Gross margin lowered to 23.6% in 3Q21 vs. 26.2% in 3Q20, due to short-term disruptions from lower workforce capacity, a temporary factory closure in Thailand during the COVID-19 outbreak, and higher freight costs of PetCare products, which impacted the trading business unit in the U.S.

PetCare and value-added sales and margin expanded impressively, compared to 3Q19 pre-COVID level, thanks to our focus on profitability and new, innovative products launched.

Remark:

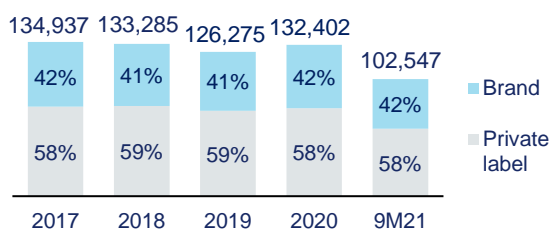
¹ Ambient seafood business includes entire tuna, entire sardine & mackerel and ambient & pouch salmon businesses

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

³ PetCare, value added & others business 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).

Sales breakdown by brand vs. private label:

Unit: THB mn



9M21 branded and private-label business sales mix remained at 42% and 58%, respectively.

9M21 total branded sales rose 3.0% YoY, supported by higher sales in the European ambient seafood business.

9M21 private-label sales reported growth of 4.1% YoY, driven by higher sales of frozen and chilled seafood and PetCare and value-added businesses in the U.S. and Thailand.

Business overview by region:

THB mn	2017	2018	2019	2020	9M21
Total sales	134,937	133,285	126,275	132,402	102,547
USA	38.8%	37.7%	39.6%	41.9%	43.0%
Europe	30.8%	30.4%	27.9%	29.0%	28.5%
Japan	6.3%	5.7%	5.8%	5.3%	4.9%
Domestic	9.2%	10.5%	11.5%	10.0%	10.2%
Others	14.9%	15.7%	15.2%	13.8%	13.4%

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

9M21 sales in key regions; North America and Europe increased 3.1% YoY, thanks to the solid recovery of

frozen and chilled seafood sales, as well as Thai Baht depreciation against key currencies; USD/THB (+5.1% YoY), EUR/THB (+6.0% YoY) and GBP/THB (+12.2% YoY).

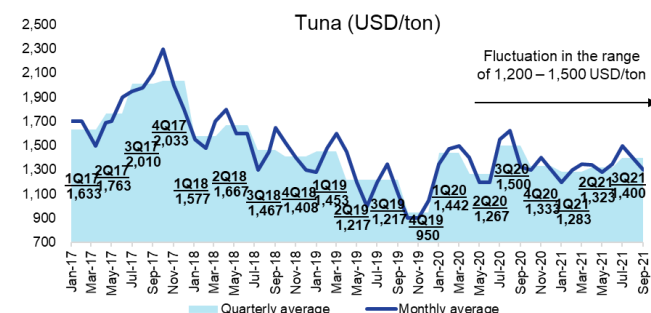
Sales in North America (the U.S. and Canada) rose 3.7% YoY in 3Q21, driven by FX gains and the recovery of frozen seafood sales, which was partly offset by the normalization of the ambient seafood business due to lower demand and container shortage effects.

Sales in Europe increased 2.1% YoY in 3Q21, despite organic sales declining by 4.9% YoY, due to lower volumes, particularly in France, the U.K., and Germany, compared to last year's pantry-loading. It was partially offset by positive FX from THB weakening against EUR and GBP.

Sales in Thailand were down 6.0% YoY in 3Q21, from lower ambient seafood sales from last year's pantry-loading during the lockdown period in 3Q20, which was partially offset by the recovery of the feed and frozen seafood businesses this year.

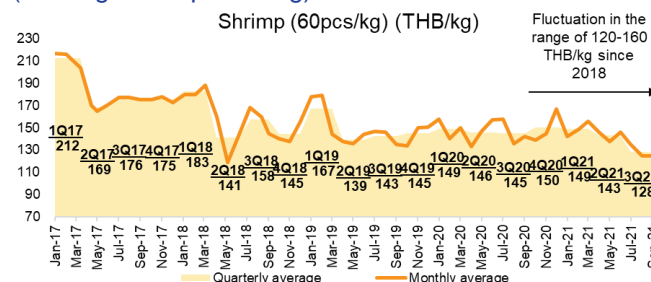
**Key operating factors:
Raw material prices**

Skipjack tuna (USD/ton)



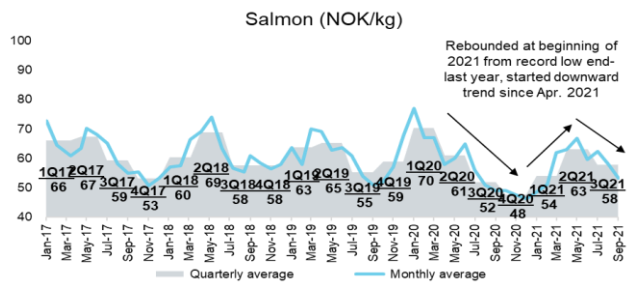
In Oct. 2021, tuna price was at USD 1,500/ton. In 3Q21, avg. price was at USD 1,400/ton (-6.7% YoY, +5.8% QoQ).

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



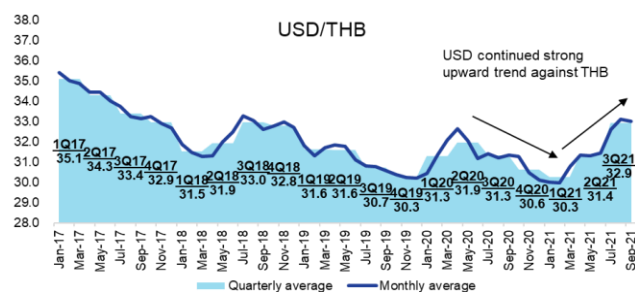
In Oct. 2021, shrimp price was at THB 143/kg. In 3Q21, avg. price was at THB 128/kg (-11.7% YoY, -10.5% QoQ).

Salmon
(NOK/kg)



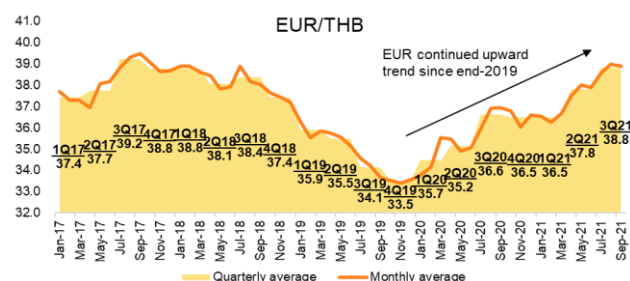
In Oct. 2021, salmon price was at NOK 57/kg. In 3Q21, avg. price was at NOK 58/kg (+11.5% YoY, -8.3% QoQ).

Exchange rates
USD/THB



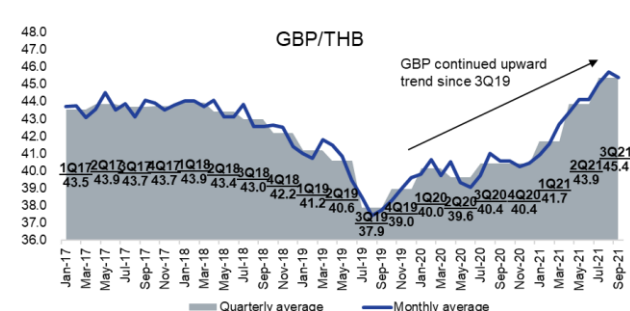
In Oct. 2021, USD/THB was at THB 33.48. In 3Q21, avg. was USD/THB 32.92 (+5.1% YoY, +5.0% QoQ).

EUR/THB



In Oct. 2021, EUR/THB closed at THB 38.84. In 3Q21, avg. was EUR/THB 38.81 (+6.0% YoY, +2.7% QoQ).

GBP/THB



In Oct. 2021, GBP/THB closed at THB 45.81. In 3Q21, avg. was GBP/THB 45.37 (+12.2% YoY, +3.4% QoQ).

Key Developments

COVID-19 Update

We have compensated labor shortages from COVID-19 by reallocating volumes within factories

- Our global vaccine roll-out is in advanced progress in Seychelles, the U.K., and the U.S., under co-programs with local authorities.
- Vaccines in Thailand are ongoing, 89% employees vaccinated with at least 1 dose, and expected to reach 80% full vaccination in Dec 2021. In Samut Sakhon, we continue to monitor the situation closely, conducting active case finding, Factory Accommodation Isolation (FAI), Bubble & Seal, and Factory Sandbox for disease prevention at our plants.
- All factories in Asia are currently operational and ramping up production, after voluntary closures at i-Tail Corporation (ITC) for 2 weeks and Thai Union Seafood (TUS), Thailand for 10 days, and Yueh Chang Canned Food (YCC), Vietnam, for 2.5 months due to government measures. Despite some impact in 3Q21, we expect normalization in 4Q21.

Strategic Corporate Actions

- [Thai Union acquired 10% shares \(200mn shares\) in R&B Food Supply PCL \(RBF\)](#), valued approx. THB 3bn. It will be an associate company which Thai Union will have voting rights and one Board seat, which will drive business growth opportunities in Asia and enhance our Frozen Culinary, Alternative Protein and PetCare businesses.
- [Thai Union Graphic Co., Ltd. \(TUG\) established a new JV with Starflex PCL. \(SFLEX\)](#) for manufacturing flexible packaging, research & development and innovation, and to support our sustainability and packaging goals.

Thai Union Feedmill (TFM) was successfully listed on the Stock Exchange of Thailand (SET)

- [TFM, a leading aqua feed producer in Thailand, had its first successful trading day on Oct. 29, 2021.](#) The IPO will support its overseas expansion projects and unlock the firm's hidden value. Post IPO, Thai Union remains the largest shareholder at 51%.

New Product Development

We are growing our “Healthy Living” portfolio and higher-margin, ambient branded business

- Launched a naturally-enriched, healthy canned tuna (vitamin B6, B12, C, and omega-3) and high in protein under John West in the U.K. and a continue

collaborating across Europe to expand our “Healthy Living” portfolio.

- Launched a spicy, convenient, high-protein Nam prik Tuna Narok under SEALECT, and introduced our products in Amado TV shopping in Thailand.

New, value-added products pushed higher margins, supported by automation

- Launched new, frozen seafood and value-added products with high gross margins to domestic and overseas markets on OEM and own brands, incl. Chicken of the Sea Frozen Foods and Monori.
- More automation to improve efficiency in our production line (i.e. shrimp peeling and semi-automatic cartoning machine).

We are growing the PetCare and value-added category with new, innovative products

- i-Tail Corporation (ITC) launched new PetCare products (i.e. cat & dog drink, hamburger, pet purée treat) in key markets globally, with focus on humanization, Life-Stage segment, alternative protein, and insect-based products.
- TU is vertically integrated within our supply chain, with our strong and high-margin businesses, incl. Asian Pacific Can (APC), Thai Union Graphic (TUG), and value-added business.

New Businesses

- Our protein hydrolysate and collagen peptide plant construction is on plan and targets to commercialize in 4Q22. It will serve as Thai Union Ingredient’s markets for animal nutrition, functional food, cosmetics, and supplements.
- ZEAVITA was launched in Sep. 2021, with key products: collagen, calcium, and fish oil, available nationwide at Watsons and online channels.
- Thai Union’s Alternative Protein launched ‘Plant-Based Fest’ in collaboration with VFoods, More Meat, and our OMG Meat brand in Oct.– Nov.2021 in Thailand, which resulted in higher sales.

Corporate Venture Capital

We continue to invest in food-tech startups

- Thai Union made a new investment into Orgafeed, an insect-protein pet treats startup, based in Thailand, under the brand “**Laika**”, which uses black soldier fly larvae. The investment will support future growth of i-Tail Corporation (PetCare).

Sustainability

Thai Union is ranked No.1 in Seafood Stewardship Index (SSI), to adopt full “Employer Pays Principle” in January 2022, updates its 2025 Tuna Commitment

- Thai Union received no. 1 ranking in Oct. 2021. SSI assesses the 30 most influential seafood companies globally on their contributions to sustainable management of the oceans and coastal ecosystems and United Nations Sustainable Development Goals (UN SDGs).
- As part of our Ethical Migrant Recruitment Policy, Thai Union will adopt a full “Employer Pays Principle” starting on 1 Jan 2022, which will cover all recruitment-related costs for migrant employees in our Thailand-based operations.
- Thai Union surpassed its Tuna Commitment 2020 target of 75% by achieving 87% of our branded tuna sourced from fisheries that are MSC certified or in Fishery Improvement Projects (FIPs) in 2020. By 2025, the tuna we source will be from suppliers that demonstrate Operational Best Practice to prevent IUU fishing and modern slavery.

2021 Financial Target: Our adjusted guidance

Sales	3-5% YoY growth
GPM	~ 17 -18%
SG&A to sales	~ 11-12%
Effective interest rate	No material change from 2020
CAPEX	~ THB 4.0 - 4.5bn (revised down from THB 5.0bn)
Dividend Policy	At least 50% dividend payout ratio

Thai Union has set its 2021 financial targets based on the current preliminary forecast which may subject to change if the key operating factors that affect the company’s operating performances vary from the assumptions.

Key Risk Factors

We are facing the ongoing global supply chain challenges

- **Global container shortage, rising freight cost issues:** We saw a total impact of approx. THB 400mn in 1H21 and THB 468mn in 3Q21, from freight price increase. We expect it to be ongoing until 2022, with estimated impact from rising logistics cost in 4Q21 to be similar as 3Q21.
- **Inflation from packaging and edible oils** is expected to be one of the key risks for higher cost of goods sold in 2022.
- **Our solutions to mitigate those impacts**
We have policies, i.e. FOB contracts, sharing cost with our suppliers, customers, and retailers, and inventory management to mitigate industry-wide impact from rising costs. Despite these challenges, Thai Union delivered solid performance for 9M21.

3Q21 Statement of Income

(Unit: THB mn)	Consolidated							
	3Q21	% to sales	3Q20	% to sales	2Q21	% to sales	3Q21 3Q20	3Q21 2Q21
							Change	Change
Sales	35,539	100%	34,784	100%	35,883	100%	2.2%	-1.0%
Cost of sales	(29,148)	-82.0%	(28,457)	-81.8%	(29,078)	-81.0%	2.4%	0.2%
Gross profit	6,391	18.0%	6,327	18.2%	6,805	19.0%	1.0%	-6.1%
SG&A expenses	(4,506)	-12.7%	(4,329)	-12.4%	(4,281)	-11.9%	4.1%	5.3%
FX gain (loss)	330	0.9%	98	0.3%	212	0.6%	236.5%	55.9%
Other income	498	1.4%	533	1.5%	439	1.2%	-6.5%	13.5%
Share of profits from investments in assoc. & JVs	(3)	0.0%	258	0.7%	(74)	-0.2%	n.a.	-96.2%
EBIT	2,711	7.6%	2,887	8.3%	3,101	8.6%	-6.1%	-12.6%
Finance cost	(444)	-1.3%	(437)	-1.3%	(434)	-1.2%	1.7%	2.4%
EBT	2,266	6.4%	2,450	7.0%	2,667	7.4%	-7.5%	-15.0%
Tax	(251)	-0.7%	(308)	-0.9%	(231)	-0.6%	-18.5%	8.6%
Profit (Loss) from discontinued operation	-	0.0%	(13)	0.0%	-	0.0%	-100.0%	-
Net income	2,015	5.7%	2,129	6.1%	2,436	6.8%	-5.3%	-17.3%
Net income (loss) attributable to:								
Equity holders of the Company	1,937	5.4%	2,056	5.9%	2,343	6.5%	-5.8%	-17.3%
Non-controlling interests of the subs	78	0.2%	72	0.2%	93	0.3%	8.2%	-16.0%
Earnings per share								
Basic earnings per share	0.40		0.42		0.49		-3.7%	-18.0%
Exchange rate								
THB/USD	32.92		31.33		31.36		5.1%	5.0%

Statement of Financial Position

(Unit: THB mn)	3Q21	% to total assets	2020	% to total assets	Change
Cash and cash equivalents*	4,365	2.7%	6,286	4.3%	-30.6%
Trade and other receivables - net	17,644	10.9%	13,320	9.2%	32.5%
Inventories - net	45,409	28.1%	38,546	26.7%	17.8%
Other current assets	1,177	0.7%	2,312	1.6%	-49.1%
Total current assets	68,594	42.4%	60,465	41.8%	13.4%
Fixed assets	28,485	17.6%	28,098	19.4%	1.4%
Investments	28,635	17.7%	21,752	15.0%	31.6%
Goodwill and other intangible assets	31,524	19.5%	29,950	20.7%	5.3%
Other non-current assets	4,448	2.8%	4,310	3.0%	3.2%
Total Assets	161,687	100%	144,575	100%	11.8%
Bank overdrafts and short-term loans	11,198	6.9%	13,465	9.3%	-16.8%
Trade and other payables	21,974	13.6%	19,068	13.2%	15.2%
Current portion of long-term loans	15,994	9.9%	8,088	5.6%	97.7%
Other current liabilities	3,136	1.9%	3,392	2.3%	-7.5%
Total current liabilities	52,302	32.3%	44,013	30.4%	18.8%
Long-term loans	40,504	25.1%	36,862	25.5%	9.9%
Other non-current liabilities	10,367	6.4%	7,964	5.5%	30.2%
Total Liabilities	103,174	63.8%	88,838	61.4%	16.1%
Non-controlling interests of the subsidiaries	1,589	1.0%	3,551	2.5%	-55.3%
Total Shareholders' Equity	58,513	36.2%	55,737	38.6%	5.0%
Total liabilities and shareholders' equity	161,687	100%	144,575	100%	11.8%

*Including short term investment

Cash flow statement

	Consolidated			
	(Unit: THB mn)	9M21	9M20	Change
Profit before income tax		6,971	5,581	1,389
Adjustments for depreciation & amortisation expenses		3,095	2,942	153
Other adjustments		516	1,214	(698)
Changes in operating assets and liabilities		(5,879)	2,403	(8,282)
Cash flows receipts from operating activities		4,702	12,140	(7,437)
Net cash receipts (payments) from operating activities		4,011	11,512	(7,501)
Net cash payments for investing activities		(6,300)	(2,858)	(3,442)
Net cash receipts (payments) for financing activities		183	(7,732)	7,915
Net increase (decrease) in cash and cash equivalent		(2,106)	921	(3,027)
Cash and cash equivalents - opening balance		6,019	4,483	1,536
Exchange gain (loss) on cash and cash equivalents		39	79	(40)
Cash and cash equivalents - closing balance		3,952	5,484	(1,531)
CAPEX		2,867	2,585	282
Management Est. Free Cash Flows*		2,117	9,273	(7,156)

*Figures as reported in November 2021