

2020: First time ever above THB 6bn annual net profit, up 64%, solid cash flow generation from strong profitability

Revenue

4Q20 sales grew by 1.9% YoY to THB 33,464mn. This was mainly driven by ambient seafood improved sales (+8.8% YoY) on the back of 6.9% volume growth, and PetCare and value added business reported sales up 8.0% YoY. 2020 sales were up 4.9% YoY to THB 132,402mn.

Gross profit

Thanks to the ambient business strong demand and favorable mix, and increased demand in the PetCare business in domestic and export markets, 4Q20 gross margin remained in high quarterly level at 18.0%, up 190bps YoY. Gross profit was at THB 6,023mn, up 13.9% YoY. 2020 gross profit was THB 23,418mn, increased 16.4% YoY.

Operating profit

4Q20 operating profit was at THB 1,938mn, up 26.1% YoY, mostly due to strong gross profit. 4Q20 SG&A-to-sales ratio was at 12.2%, vs 11.4% during 4Q19. High SG&A expenses was from foreign exchange (FX) impact, increased spending on brand investment, and logistic costs growth. 2020 operating profit was THB 7,821mn, double increased from previous year.

Net profit

TU reported robust 4Q20 net profit growth of 38% YoY, at THB 1,457mn, mainly thanks to strong core business. TU reported the first time ever above THB 6bn annual net profit at THB 6,246mn, up 64% YoY. Excluding US antitrust litigation fees in 2019, 2020 net profit still delivered a growth of 20% YoY on a normalized basis.

Cash flow and ND/E

With a strong operating profit, Capex reduction and net working capital control, 2020 free cash flow (FCF) was at THB 10,375mn. Strong cashflow enabled the Company to pay back THB 3bn debt, resulting in TU's end-2020 net D/E ratio to be at 0.94x.

Dividend

The Company announced a final dividend of THB 0.40 per share, making a 2020 full-year dividend of THB 0.72 per share (up from 0.47 DPS during 2019).

Stock Information

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

Share price (19/02/2021)	THB 13.50
Historical price:	
52-week high	THB 16.00
52-week low	THB 11.90
No. of shares:	4,771.8m
Par value:	THB 0.25
Market Cap.	THB 64.4bn
Avg. value trade/day (YTD)	THB 335.2mn

Major shareholders

(31/12/2020)

Chansiri Family	19.26%
Thai NVDR Co., LTD.	16.24%
Mitsubishi Corporation	7.29%
Niruttinanon Family	6.92%
Social Security Office	4.72%

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	2020	2019
Sales	132,402	126,275
Gross profit	23,418	20,110
EBITDA	12,959	10,174
Net profit	6,246	3,815
EPS (THB)	1.26	0.80
GPM (%)	17.7%	15.9%
NPM (%)	4.7%	3.0%
ND/E (x)	0.94	1.07
ROCE (%)	9.2%	6.5%
ND/EBITDA (x)	4.02	5.43

Financial Statements Analysis:

Unit: THB mn	4Q20	4Q19	YoY	2020	YoY
Sales	33,464	32,854	1.9%	132,402	4.9%
COGS	(27,441)	(27,567)	-0.5%	(108,985)	2.7%
GP	6,023	5,288	13.9%	23,418	16.4%
SG&A	(4,085)	(3,733)	9.4%	(15,596)	-4.1%
FX gain (loss)	38	202	-81.3%	90	-81.4%
Other income	291	97	200.8%	1,620	3.5%
Share of profits from investments in assoc. & JVs	(189)	(66)	184.7%	(527)	-189.2%
EBIT	2,079	1,787	16.3%	9,003	38.9%
Finance cost	(415)	(503)	-17.6%	(1,724)	-16.1%
EBT	1,664	1,284	29.6%	7,279	64.4%
Tax	(127)	(112)	12.8%	(724)	358.3%
Net income	1,457	1,057	37.9%	6,246	63.7%
EPS	0.29	0.22	30.7%	1.26	63.7%
FX: USD/THB	30.61	30.28	1.1%	31.28	0.8%
GPM	18.0%	16.1%		17.7%	
%SG&A/Sales	12.2%	11.4%		11.8%	
NPM	4.4%	3.2%		4.7%	

In 4Q20, Thai Union Group PCL. reported sales at THB 33,464mn, up 1.9% YoY. The sales increase was mainly driven by the ambient seafood business that continued to demonstrate a sales growth of 8.8% YoY, together with PetCare and value added business sales growth of 8.0%.

With improved margin in Ambient business from strong sales and favorable sales mix, as well as in PetCare from high demand in domestic and export markets, 4Q20 gross profit was at the high level of THB 6,023mn, up 13.9% YoY.

On an operating level, TU reported operating profit of THB 1,938mn, up 26.1% YoY, thanks to sales growth and margin enhancement.

TU reported robust 4Q20 net profit growth of 37.9% YoY at THB 1,457mn, mainly thanks to the strong business operation. TU reported 2020 all time high net profit was at THB 6,246mn, up 63.7% YoY.

Excluding US antitrust litigation fees of THB 1,402mn during 2019, the normalized net profit growth would be 19.7% YoY.

With a significant improvement in reported net profit and strong cash performance, TU was able to conduct a THB 1.5bn share repurchase program, repay THB 3bn of debt, and still able to achieve a respectable net debt-to-equity ratio of 0.94x, down from 1.07x at end-2019.

Sales

4Q20 sales was THB 33,464mn, grew by 1.9% YoY on the back of sales volume growth of 0.8% YoY. The strong sales performance was driven mainly by the ambient seafood business sales growth of 8.8% YoY, as consumers continued social distancing, increased home cooking, and our operations benefited from promotion push. PetCare and value added business also delivered

strong sales growth of 8.0% from higher margin products. While Frozen and chilled business challenged with ongoing pandemic situation.

During 4Q20, Thai Baht depreciated YoY against key trading currencies; USD (+1.1%), EUR (+8.9%) and GBP (+3.7%), which partly supporting sales growth.

Excluding FX impact, TU sales would have declined by -0.9% YoY.

2020 sales improved 4.9% YoY on the back of a strong volume sales growth of 5.6% YoY.

Gross profit

During 4Q20, the company continued to deliver high quarterly gross profit margin of 18.0%, up from 16.1% recorded during 4Q19. The margin enhancement was mainly attributed by strong sales and favorable mix in Ambient business, resulting in higher overall gross margin YoY. PetCare and value added business gross profit improvement of 43.2% YoY also supported the overall 4Q20 gross profit margin. Frozen and chilled business margin is recovering, despite the ongoing pandemic situation. 4Q20 Gross profit was at the high level of THB 6,023mn, up 13.9% YoY.

Despite the Covid-19 second wave in Thailand in the last week of 2020, there was no major impact and facilities have been continuing operations during the quarter, thanks to continued stringent hygiene measures applied in all of the company's operations.

2020 gross profit was at THB23.4bn up 16.4% YoY, with gross margin of 17.7% (up 176bps YoY), resulted from the aforementioned strong sales performance and margin improvement.

Selling and administrative expenses

4Q20 SG&A increased 8.9% YoY as the company was impacted from FX, increased its brand investment spending, and saw a growth in logistic costs. SG&A expenses increased along with the improved sales by 1.9% YoY. As a result, the 4Q20 SG&A-to-sales ratio was at 12.2%, up from 11.4%.

Despite such expenses, 4Q20 operating profit was at THB 1,938mn, up 26.1% YoY, as core business operations improved significantly YoY.

Excluding US antitrust litigation fees in 2019, the company still delivered 2020 operating profit growth of 38.6% YoY, on normalized basis.

FX Gain/Loss

Thanks to prudent FX exposure management, TU reported 4Q20 FX gains of THB 38mn, down from THB 220mn recorded in 4Q19.

The company recorded 2020 FX gain of THB 90m vs a gain of THB 543mn during 2019.

Share of income from investment in associates

4Q20 share of loss was at THB 189mn (vs THB 66mn share of loss during 4Q19), mainly due to Red Lobster operations during the quarter as the situation of the entire restaurant industry remained challenging in the US.

2020 share of loss was at THB 527mn, largely due to Red Lobster, from lock down restrictions that limit numbers of operating dining hall and capacity at the restaurants, in contrast to a 2019 share of profit of THB 591mn.

Other income

4Q20 other income was THB 291mn, significantly increased from THB 97mn last year, thanks to lower impairment cost than 4Q19, and higher interest income from hedging, while TU continued to record consistent interest income from investment in Red Lobster preferred units.

2020 other income was at THB 1,620mn, up from THB 1,565mn booked during 2019.

Finance cost

4Q20 finance cost decreased 17.6% YoY to THB 415mn (from THB 503mn during 4Q19). The decrease was thanks to an issuance of perpetual bond during 4Q19.

2020 finance cost was at THB 1,724mn, down 16.1% YoY, from THB 2,056mn a year ago.

Income tax expense

4Q20 income tax expense was THB 127mn, compared to tax expense of THB 112mn during 4Q19. The increase in tax credit was inline with the improved operating profit of the company.

2020 income tax expense was THB 724mn, up from 2019 normalized tax expense of THB 614mn excluding the tax credit related to one-time accrual for US antitrust litigation fees amounted THB 456mn in 2Q19. Tax expenses increased in correspondence to the strong operating result, which led to higher tax expense.

Net profit

4Q20 reported net profit was up 38% YoY at THB 1,457mn, mainly thanks to strong core business. 4Q20 net profit margin was 4.4%, up from 3.2% a year ago.

TU reported the first time ever above THB 6bn annual net profit at THB 6,246mn, up 64% YoY. Excluding US antitrust litigation fees in 2019, 2020 net profit still delivered a growth of 20% YoY on a normalized basis.

Financial position analysis:

As of 31 December 2020, Thai Union's total assets were at THB 144,575mn, increased 1.9% from THB 141,909mn at the end of 2019, mainly due to higher cash on hand and inventory build.

Net inventories rose by 4.5% from 2019-end to THB 38,546mn at end-2020, mostly due to an increase of Skipjack tuna price of 40.4% from end-2019, to USD 1,333/ton.

Trade and other receivables were at THB 13,320mn, down from end-2019 level of THB 14,869mn, despite sales growth. The lower receivable is mainly explained by improved collection policy and efficiency.

2020-end total non-current assets was at THB 84,110mn, which was up 2.1% from end-2019 at THB 82,362mn, mainly due to normal investments.

Total current liabilities recorded an increase of 22.9% from end-2019 to THB 44,013 as at end-2020. The increase was a result of higher current portion of long-term loans.

Total liabilities slightly decreased to THB 88,838mn (1.4% declined from THB 90,114mn at end-2019), mainly due to continued debt repayment from record high EBITDA and CAPEX under control.

Total shareholders' equity, excluding the perpetual debenture and minority interest, increased by 8.9% (+THB 3,762mn) from end-2019 to THB 46,236mn as the company continued to report strong record net profit during 2020.

Cash Flow analysis:

During 2020, net cash receipts from operating activities were THB 13,432mn. Positive cash flow was mostly driven by profitable operations (EBITDA: THB 12,959mn in 2020). Despite working capital requirement increased in line with rising raw material price, 2020 net working capital days were at 104 days, improved from 109 days during 2019.

Net cash payments for investing activities were THB 3,736mn, which is well on track with the revised capital expenditure plan of THB 3.7bn (from THB 4.9bn planned at the beginning of the year). The company focused CAPEX on efficiency enhancing and growth projects under the current environment.

Thai Union recorded net cash payment for financing activities of THB 8,203mn during 2020, largely from regular debt repayment during the year, including interest paid on perpetual debentures and lower cash received from investment in affiliate.

Net increase in cash and cash equivalents, including exchange losses, was at THB 1,597mn resulting with the end-2020 cash and cash equivalents of THB 6,286mn (including the impact from the use of Bank Overdraft).

Financial ratio highlights:

	2020	2019
A/R Days	32	38
Inventory Days	125	128
Current Ratio (x)	1.37	1.66
ROCE (%)	9.2%	6.5%
ROE (%)	14.1%	9.0%
ROA (%)	6.3%	4.6%
ND/E (x)	0.94	1.07
ND/EBITDA (x)	4.02	5.43
Interest Coverage (x)	5.22	3.15
BV (Baht/share)	9.69	8.90

Remark:

$Current\ ratio = Total\ current\ assets / total\ current\ liability$

$ROCE = 12\text{-month\ rolling\ EBIT} / Average\ capital\ employed$
 $Capital\ Employed = total\ assets - total\ current\ liabilities\ (incl.\ current\ portion\ of\ long\text{-}term\ debt)$

$ROE = 12\text{-month\ rolling\ net\ profit} / average\ total\ shareholders'\ equity$

$ROA = 12\text{-month\ rolling\ EBIT} / average\ total\ assets$

$ND/E = Interest\text{-}bearing\ debt - cash\ \&\ cash\ equivalents / total\ shareholders'\ equity$

$Debt/EBITDA = Interest\text{-}bearing\ debt / EBITDA$

$Interest\ coverage = EBIT / interest\ expense$

$BV = Total\ shareholders'\ equity / outstanding\ shares$

Receivable days as of 2020 were at 32 days, which decreased from the previous year at 38 days, thanks to the company remaining focused on cash conversion and collection, despite the impacts of the COVID-19 pandemic.

Inventory days during 2020 dropped to 125 days, from 128 days a year ago, due to higher sales that outpaced

higher inventory, resulting in better inventory management efficiency.

The current ratio at end-2020 was at 1.37 times declined from 1.66 times at end-2019, mainly from larger amount of current portion of long-term loans during 2020.

2020 ROCE was at 9.2%, significantly increased from 6.5% in 2019, mainly thanks to strong profitability (EBIT +38.9% YoY), while there was a net impact of the accrual for US antitrust litigation fees of THB 1.4bn during 2019.

Interest-bearing debt decreased by THB 1,490mn from end-2019 (down 2.5% YoY), due to both regular debt repayment. As a result, the net debt-to-equity was at 0.94 times, down from the end-2019 level of 1.07 times.

The company continued to maintain a strong cash flow generation ability, enabling it to deleverage its net debt during the year.

2020-end net debt to EBITDA ratio continued reducing to 4.02 times, from 5.43 times at end-2019 caused by the record EBITDA (+27.4%), and lower interest bearing debt (-2.5% YoY).

Interest coverage ratio during 2020 was at 5.22 times, up from 3.15 times in 2019, mostly thanks to strong profitability (EBIT +38.9% YoY) and lower finance cost (-16.1% YoY).

Interest-bearing debt profile by currency:

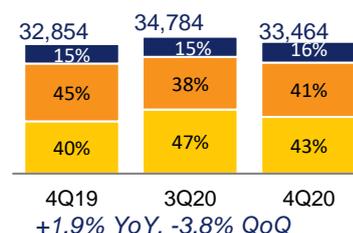


As of end-2020, interest-bearing debts were at THB 58,415mn, mainly denominated in the local currency. THB debt accounted for 99%, while EUR debt was 1% of total interest-bearing debt.

Business overview by business unit:

Total sales value

Unit: THB mn



+1.9% YoY, -3.8% QoQ

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

Ambient seafood¹:

Continued to deliver a strong growth

	4Q19	1Q20	2Q20	3Q20	4Q20
Value	13,268	15,631	16,394	16,259	14,440
Brand	48.3%	60.2%	57.4%	57.8%	53.1%
PL	51.7%	39.8%	42.6%	42.2%	46.9%
Volume	87,580	99,599	101,136	98,176	93,652

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

Remark: PL stands for Private Label business

4Q20 ambient sales increased 8.8% YoY, due largely to rising tuna price (+40.4% YoY) and sales volume growth (+6.9% YoY). TU continued to experience strong sales growth in the US and in Europe.

Increased ambient sales in branded business (+19.5% YoY), was attributable mainly to a positive FX impact, continued social distancing, increased home cooking, and promotions push.

Gross profit was up 18% YoY to THB 2.9bn, thanks to business recovery from a weak profit during 4Q19 from seasonality.

2020 ambient business sales were at THB 62.7bn, up 13.6% YoY on the back of strong volume growth of 16.9% YoY, while gross profit increased 23.6% YoY.

Frozen, chilled seafood and related²: Recovering GPM, although topline challenged

	4Q19	1Q20	2Q20	3Q20	4Q20
Value	14,691	10,944	11,554	13,370	13,738
Brand	36.3%	37.7%	34.4%	37.2%	38.1%
PL	63.7%	62.3%	65.6%	62.8%	61.9%
Volume	74,436	61,179	61,284	71,224	69,236

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

As the ongoing pandemic situation has been challenging for the foodservice industry, which is key for our frozen and chilled seafood business, sales were down 6.5% YoY, with sales volume declined 7.0% YoY.

Gross profit was down 9.6% YoY, but up 4.7% QoQ, thanks to many cities resuming their normal businesses since 3Q20. Gross margin remained at normalized level of 11%.

During 2020, frozen, chilled seafood and related businesses saw sales declined by 5.4% YoY to THB 49.6bn.

PetCare, value-added and others³: Strong growth with record GPM in 4Q20

	4Q19	1Q20	2Q20	3Q20	4Q20
Value	4,896	4,528	5,103	5,155	5,287
Brand	5.9%	7.8%	5.5%	6.4%	5.1%
PL	94.1%	92.2%	94.5%	93.6%	94.9%
Volume	74,452	62,852	73,322	75,019	75,409

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

4Q20 PetCare and value added sales increased 8.0% on the back of increasing volume (+1.3% YoY), which is attributable to people spending more for their pets during lockdown period and a keen focus on higher margin products. Packaging business was also a key contribution driver.

Gross margin strongly improved to 29.4%, which is record high, driven by increased demand in both domestic and exporting products and packaging business.

2020 PetCare and value added business delivered a sales growth of 7.7% YoY, with rising volume of 2.8% YoY. Gross profit increased by 33.6% YoY.

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, value-added businesses (Ready-to-Eat products, packaging, maguro & cephalopod sashimi, local products, bakery products and snack)

Sales breakdown by brand vs. private label:

Unit: THB million



2020 branded sales slightly outgrew private label business, with sales mix at 42% and 58%, respectively.

2020 total branded sales increased 7.4% YoY, as US ambient business sales improved 36% YoY.

2020 private label sales also reported a sales growth of 3.1% YoY.

Business overview by region:

THB Mn	2016	2017	2018	2019	2020
Total sales	134,375	134,937	133,285	126,275	132,402
USA	39.4%	38.8%	37.7%	39.6%	41.9%
Europe	32.5%	30.8%	30.4%	27.9%	29.0%
Japan	6.4%	6.3%	5.7%	5.8%	5.3%
Domestic	8.3%	9.2%	10.5%	11.5%	10.0%
Others	13.4%	14.9%	15.7%	15.2%	13.8%

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

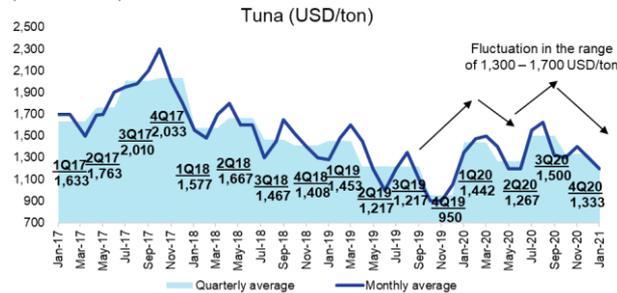
2020 Sales contribution in the US and Europe increased slightly.

US and European sales increased 11% and 9% respectively from growing demand of core business products.

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

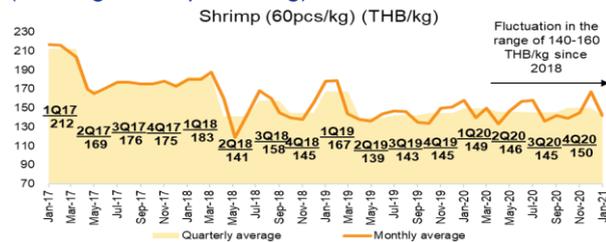
Key operating factors: Raw material prices

Skipjack tuna (USD/ton)



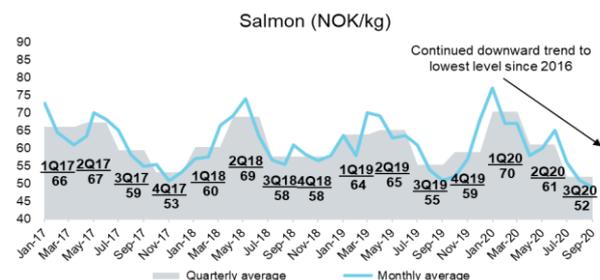
In January 2021, tuna price closed at USD 1,200/ton. In 4Q20, average price was at USD 1,333/ton (+40.4% YoY, -11.1% QoQ).

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



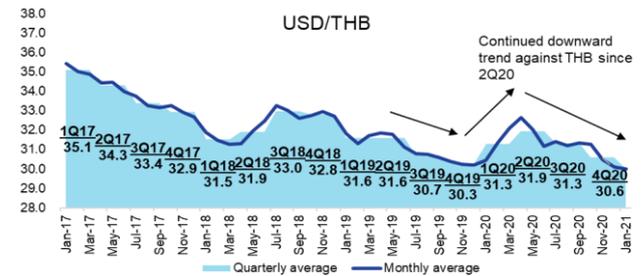
In January 2021, shrimp price closed at THB 142/kg. In 4Q20, average price was at THB 167/kg (+3.7% YoY, +3.4% QoQ).

Salmon (NOK/kg)



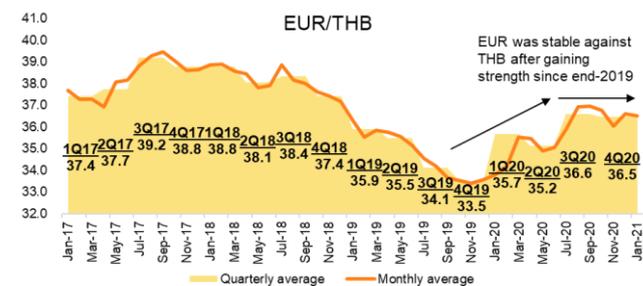
In January 2021, salmon price closed at NOK 49/kg. In 4Q20, average price was at NOK 48/kg (-19.2% YoY, -8.3% QoQ).

Exchange rates USD/THB



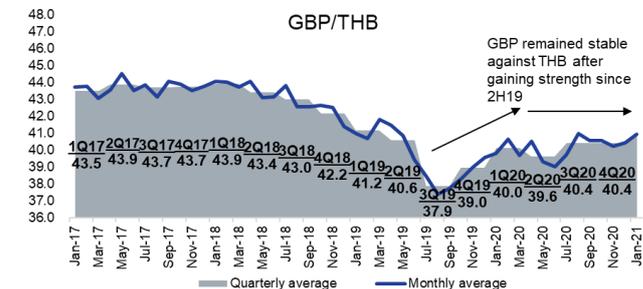
In January 2021, USD/THB closed at THB 30.01. In 4Q20, average USD/THB was at THB 30.61 (+1.1% YoY, -2.3% QoQ).

EUR/THB



In January 2021, EUR/THB closed at THB 36.78. In 4Q20, average EUR/THB was at THB 36.47 (+8.9% YoY, -0.3% QoQ).

GBP/THB



In January 2021, GBP/THB closed at THB 40.93. In 4Q20, average GBP/THB was at THB 40.42 (+3.7% YoY, -0.1% QoQ).

Key developments

COVID-19 Update

Due to stringent measures and prompt action on COVID-19, our global operations remain largely uninterrupted

- Thai Union has managed the COVID-19 situation well around the world. We have not seen any mandatory business shutdown, and all of plants remain open and operational in Thailand.
- The first round of vaccination in Seychelles plant is almost completed, with the second round currently ongoing, both under the local authorities program.
- We continue to focus on employee health and safety, cluster arrangement, and ensuring the continuity of our business and operations. Additionally, Thai Union continues to support local communities impacted by COVID-19.

Impacts from COVID-19

Keeping up with the new normal, key businesses back to growth

- Thai Union's ambient business continues to be the prime beneficiary, with continued sales push in all key markets during 4Q20. We have observed an increased consumption for canned seafood in 2020, driven by more home cooking and healthy eating.
- The frozen and chilled seafood and related business shows signs of recovery with a growing demand for frozen seafood as foodservice operations open up. However, the situation remains challenging due to the new wave of COVID-19.
- PetCare, value-added and other businesses continued to deliver a solid growth of 8% YoY, driven by continued strong demand for PetCare products and the launch of new, innovative products to the market, as part of Thai Union's commitment to innovation.

Corporate Action

Conclusion of the US antitrust litigation

- Chicken of the Sea (COSI) announced on January 11, 2021 that it has reached an agreement to settle the final cases of the US antitrust litigation with the final plaintiff and two class actions. The settlement with the final plaintiff will be subject to negotiation of final agreement, and all settlements, including the final plaintiff and the two class actions, will require court approval.
- Chicken of the Sea continues its commitment to serving customers, working with suppliers, and

growing the category through new innovative products.

Sustainability

Thai Union successfully issued THB 12bn (equivalent) in a sustainability-linked term loan

- Thai Union issued a sustainability "syndication loan" in Thailand for the first time ever, with 5 participating banks at total of THB 6.5bn, which was oversubscribed by 1.6 times.
- Additionally, Thai Union diversified its financing source to Japan for the first time ever. There was strong demand with 19 participating institutions at a total of THB 5.5bn (equivalent), which was oversubscribed by 3.3 times.
- The KPI's cover GHG emissions, electronic monitoring of tuna fishing vessels (EM), and inclusion in the Dow Jones Sustainability Index (DJSI). Achieving KPIs each year will lead to interest rates reduction. This marks a significant step in Blue Finance for Thai Union and the entire industry.

Innovation

Expanding into a new category of innovative products

- Thai Union Ingredients (TUI) recently established two joint ventures, Interpharma-ZEAvita, together with InterPharma in January 2021, which will produce health and wellbeing supplement products in Thailand. Additionally, TUI also established Food and Beverage United, together with ThaiBev in October 2020, to develop nutritious food & beverage products in Thailand.
- At Thai Union, we have also recently launched UniQ™ BONE tuna bone calcium powder in January 2021, which will be produced in new facility at Songkhla Canning. We are committed to expanding our core business into healthy products driven by innovation.

We continue to invest in food-tech startups to drive innovation

- At Thai Union, we are building an ecosystem to nurture food-tech startups and to drive innovation in food industry. Thai Union has recently invested in BlueNalu, the world's leading cell-based seafood company in California, in January 2021, to launch commercial pilot facility and introduce cell-based seafood products to market in late 2021
- Through our corporate venture (CVC) fund, along with other industry-leading companies, launched in 2019 with USD 30mn initial commitment.

- Continued engagement in SPACE-F with Batch II startups.

Dividend Payment

- Thai Union announced a final dividend of THB 0.40 per share, making a 2020 full-year dividend of THB 0.72 per share (up from 0.47 DPS during 2019), representing 57% of reported net profit.
- The dividend book closing date will be on 9 March 2021. The final dividend will be paid on 21 April 2021.

2021 Financial Target:

Sales	3-5% YoY growth
GPM	~ 17%
SG&A to sales	~ 11-12%
Effective interest rate	No material change from 2020
CAPEX	~ THB 6 – 6.5bn
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 variate from the company assumptions.

Material risk factors

Statements included or incorporated by reference herein may constitute "forward-looking statements," which are based on expectations, forecasts, and assumptions by the company's management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Fluctuations in raw material prices from, but not limited to: 1) disruptions in the supply of key raw materials, 2) outbreak of marine diseases;
- Non-tariff trade barrier and international regulation that threat to ban seafood trade in the countries where Thai Union is operating, including the sustainability issues covering responsible sourcing and safe and legal labor;
- Rising consumer awareness about seafood-related sustainability issues;
- Fluctuations in currency exchange rates;
- Risks associated to new investment and M&As including post-merger integration;

- Risks associated to the new product innovations that does not keep up with the customer and consumer tastes, preferences and behaviors;
- Fish and seafood competitive landscape as some seafood market growth has become stagnant over the past few years;
- Continued or increased price competition;
- Risks associate to the international and local tax changes;
- Risks associated to the international and local law and regulations
- Risks associated to the inventory management to fulfill to customer order while optimize the company's financial performance;
- Risks associated with a global health pandemic that may impact global supply chain and foodservice operations.

However, Thai Union also anticipates various inherent risks, which are currently immaterial, which involving macro environment, industry sustainability investment, good governance, health and safety, internal operation and financial activities, for example:

- Changing international trade regulation and tariff;
- Decline in industry sales volume, particularly in the United States and European markets, due to financial crisis, recession, geopolitical events, or other factors;
- Decline in the company's market share or failure to achieve growth;
- Fluctuations in interest rates;
- Adverse effects resulting from economic, geopolitical, or other events;
- Work stoppages at the company's facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, production constraints or difficulties, or other factors);
- Labor or other constraints on the company's ability to maintain competitive cost structure;
- The discovery of defects in the company's products resulting in delays in product launches, recall campaigns, or increased warranty costs;
- Adverse effects on results from a decrease in or cessation or expiration of government incentives related to investments;
- Increased competition from suppliers, customers or third parties seeking to expand their presence vertically.

Thai Union is aware of importance of risk management throughout organization. Thai Union has a clear risk management policy and structure with systematic and

consistent framework to proactively manage the aforementioned risks.

However, the company cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. The company's forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise.

4Q20 Statement of Income

(Unit: THB mn)	Consolidated							
	4Q20	% to sales	4Q19	% to sales	3Q20	% to sales	4Q20 4Q19 Change	4Q20 3Q20 Change
Sales	33,464	100%	32,854	100%	34,784	100%	1.9%	-3.8%
Cost of sales	(27,441)	-82.0%	(27,567)	-83.9%	(28,457)	-81.8%	-0.5%	-3.6%
Gross profit	6,023	18.0%	5,288	16.1%	6,327	18.2%	13.9%	-4.8%
SG&A expenses	(4,085)	-12.2%	(3,751)	-11.4%	(4,329)	-12.4%	8.9%	-5.6%
FX gain (loss)	38	0.1%	220	0.7%	98	0.3%	-82.8%	-61.4%
Other income	291	0.9%	97	0.3%	533	1.5%	200.8%	-45.3%
Share of profits from investments in assoc. & Jvs	(189)	-0.6%	(66)	-0.2%	258	0.7%	184.7%	-173.2%
EBIT	2,079	6.2%	1,787	5.4%	2,887	8.3%	16.3%	-28.0%
Finance cost	(415)	-1.2%	(503)	-1.5%	(437)	-1.3%	-17.6%	-5.1%
EBT	1,664	5.0%	1,284	3.9%	2,450	7.0%	29.6%	-32.1%
Tax	(127)	-0.4%	(112)	-0.3%	(308)	-0.9%	12.8%	-58.8%
Profit (Loss) from discontinued operarion	(13)	0.0%	(6)	0.0%	(13)	0.0%	119.1%	-5.2%
Net income	1,525	4.6%	1,166	3.5%	2,129	6.1%	30.8%	-28.4%
Net income (loss) attributable to:								
Equity holders of the Company	1,457	4.4%	1,057	3.2%	2,056	5.9%	37.9%	-29.1%
Non-controlling interests of the subs	67	0.2%	109	0.3%	72	0.2%	-38.3%	-7.3%
Earnings per share								
Basic earnings per share	0.29		0.22		0.42		30.7%	-30.2%
Exchange rate								
THB/USD	30.61		30.28		31.33		1.1%	-2.3%

2020 Statement of Income

(Unit: THB mn)	Consolidated				
	2020	% to sales	2019*	% to sales	2020 2019 Change
Sales	132,402	100%	126,275	100%	4.9%
Cost of sales	(108,985)	-82.3%	(106,165)	-84.1%	2.7%
Gross profit	23,418	17.7%	20,110	15.9%	16.4%
SG&A expenses	(15,596)	-11.8%	(16,266)	-12.9%	-4.1%
FX gain (loss)	90	0.1%	483	0.4%	-81.4%
Other income	1,620	1.2%	1,565	1.2%	3.5%
Share of profits from investments in assoc. & Jvs	(527)	-0.4%	591	0.5%	-189.2%
EBIT	9,003	6.8%	6,483	5.1%	38.9%
Finance cost	(1,724)	-1.3%	(2,056)	-1.6%	-16.1%
EBT	7,279	5.5%	4,427	3.5%	64.4%
Tax	(724)	-0.5%	(158)	-0.1%	358.3%
Profit (Loss) from discontinued operarion	(46)	0.0%	(102)	-0.1%	-54.9%
Net income	6,509	4.9%	4,167	3.3%	56.2%
Net income (loss) attributable to:					
Equity holders of the Company	6,246	4.7%	3,815	3.0%	63.7%
Non-controlling interests of the subs	263	0.2%	352	0.3%	-25.3%
Earnings per share					
Basic earnings per share	1.26		0.80		57.8%
Exchange rate					
THB/USD	31.28		31.02		0.8%

*Figures as reported in February 2021

Statement of Financial Position

(Unit: THB mn)	2020	% to total assets	2019	% to total assets	Change
Cash and cash equivalents*	6,286	4.3%	4,689	3.3%	34.1%
Trade and other receivables - net	13,320	9.2%	14,869	10.5%	-10.4%
Inventories - net	38,546	26.7%	36,873	26.0%	4.5%
Other current assets	2,312	1.6%	3,115	2.2%	-25.8%
Total current assets	60,465	41.8%	59,547	42.0%	1.5%
Fixed assets	28,098	19.4%	27,500	19.4%	2.2%
Investments	21,752	15.0%	22,031	15.5%	-1.3%
Goodwill and other intangible assets	29,950	20.7%	27,899	19.7%	7.3%
Other non-current assets	4,310	3.0%	4,932	3.5%	-12.6%
Total Assets	144,575	100%	141,909	100%	1.9%
Bank overdrafts and short-term loans	13,465	9.3%	11,277	7.9%	19.4%
Trade and other payables	19,068	13.2%	19,323	13.6%	-1.3%
Current portion of long-term loans	8,088	5.6%	4,003	2.8%	102.1%
Other current liabilities	3,392	2.3%	1,205	0.8%	181.6%
Total current liabilities	44,013	30.4%	35,808	25.2%	22.9%
Long-term loans	36,862	25.5%	44,625	31.4%	-17.4%
Other non-current liabilities	7,964	5.5%	9,681	6.8%	-17.7%
Total Liabilities	88,838	61.4%	90,114	63.5%	-1.4%
Non-controlling interests of the subsidiaries	3,551	2.5%	3,372	2.4%	5.3%
Total Shareholders' Equity	46,236	32.0%	42,474	29.9%	8.9%
Total liabilities and shareholders' equity	144,575	100%	141,909	100%	1.9%

*Including short term investment

Cash flow statement

(Unit: THB mn)	Consolidated		
	2020	2019	Change
Profit before income tax	7,233	3,097	4,136
Adjustments for depreciation & amortisation expenses	3,955	2,717	1,239
Other adjustments	2,490	1,407	1,082
Changes in operating assets and liabilities	423	(324)	746
Cash flows receipts from operating activities	14,101	6,897	7,203
Net cash receipts (payments) from operating activities	13,432	6,749	6,683
Net cash payments for investing activities	(3,736)	(3,366)	(370)
Net cash receipts (payments) for financing activities	(8,203)	(3,931)	(4,272)
Net increase (decrease) in cash and cash equivalent	1,494	(548)	2,041
Cash and cash equivalents - opening balance	4,483	1,311	3,173
Exchange gain (loss) on cash and cash equivalents	42	(69)	111
Cash and cash equivalents - closing balance	6,019	694	5,326
CAPEX	3,726	4,555	(829)
Management Est. Free Cash Flows*	10,375	7,143	3,232

*Figures as reported in February 2021